

ABN 97 006 391 948

L 1, 329 Hay St, Subiaco
PO Box 1770, Subiaco, 6904
Tel : 08 9286 6999
Fax : 08 9286 6969
admin@deepyellow.com.au
www.deepyellow.com.au

27 April 2006

Manager Company Announcements
Company Announcements Office
Australian Stock Exchange Limited
Level 10, 20 Bond Street
SYDNEY NSW 2000

by e-Lodgement

Dear Sirs

NAPPERBY TRENCHING PROGRAMME – EL 24246 NORTHERN TERRITORY

The Directors of Deep Yellow Limited (DYL) are pleased to announce that the Company has received all assay results from its March 2006 trenching programme at Napperby.

Significant highlights from the programme include:

- Mapping of the trenches together with the assay results confirm the presence of flat lying calcrete hosted uranium mineralisation developed from 2 metre (m) below surface to the maximum depth of 6.3 m, sampled in the trenches. As such the deposit is similar in style to the Yeelirrie deposit in Western Australia and the Langer Heinrich deposit in Namibia.
- The assay results clearly demonstrate the presence of consistent +500 ppm U_3O_8 values associated with visible carnotite ($K_2(UO_2)_2(VO_4)_2 \cdot 3H_2O$) mineralisation.
- Trench 3 returned a 2 m thick zone of +1,000 ppm (0.1%) U_3O_8 over 10 m of channel sampling on both walls of the trench. A peak value of 3,460 ppm (0.35%) U_3O_8 over 1.2 m was returned from the East Wall.
- That, while the average grade of the deposit as delineated by Uranerz over the 14 kilometre (km) strike was considered to be sub-economic at 370 ppm U_3O_8 the trenching by DYL has provided significant upside by locating higher grade channels within the overall deposit.
- That the increased U_3O_8 price of US\$41.50 per pound will allow a lower cut-off grade to be used for future resource estimations and potential mining operations.
- That following the disappointment of the drill results received in 2005 the positive results returned from the trenching provide the Board with confidence to again pursue a resource evaluation programme at Napperby.

Trenching Programme

A review of the 2005 DYL drill data and of the previous data collected by Uranerz (1987-1991) indicated that varying interpretations could be made with regard to the continuity of mineralisation, both along and across strike and to the style of mineralisation as being either calcrete-hosted or comprising a series of roll fronts. For these reasons it was decided to undertake a trenching programme so that a visual inspection could be made to ascertain both the lithological style of and, chemical controls on uranium mineralisation.

Three DYL drill holes were selected within the western mineralised zone (see Figure 1). These holes contained the following mineralisation: -

- **Hole NW171: 3 m at 1104 ppm U_3O_8 from 2 m (Trench 1)**
- **Hole NW235: 5 m at 590 ppm U_3O_8 from 3 m including 3 m at 810 ppm U_3O_8 from 3 m (Trench 3)**
- **Hole NW256: 4 m at 720 ppm U_3O_8 from 2 m (Trench 2)**

At each of the three drill sites clearance was sought from and granted by the Traditional Aboriginal Owners through the Central Land Council to establish 50 x 25 m cleared pads within which the trenching could occur. Topsoil at each pad was removed and stockpiled. An excavator was used to bench down to 6 to 7 m depth at which point water inflows limited the channel sampling (see photograph below).



Trench 1 – Excavation. Note stability of walls.



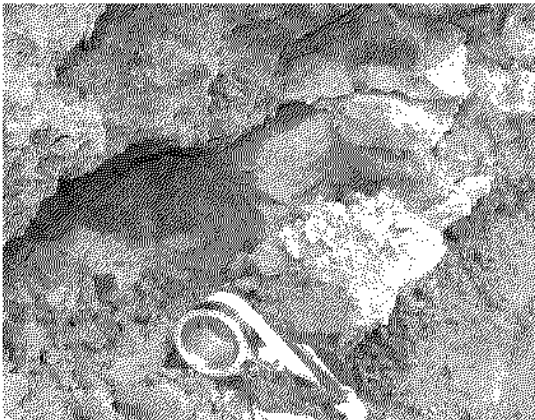
Trench 2 – Vertical Channel Sampling. Note presence of organic carbon (black).

The trenches were sampled down one metre spaced vertical channels at nominal sample lengths of one metre. Where individual bench heights were say 2.2 m, a 1 m and a 1.2 m sample was collected. Sampling to lithological contacts and to the pumped water table also resulted in a number of sub metre sample intervals.

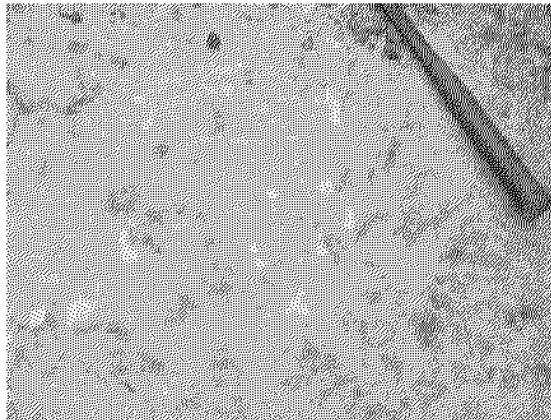
All the trenches have been rehabilitated by backfilling and the topsoil replaced to promote seed capture and regrowth during the next wet season.

Trench Mapping

The Company's geologists Stephen Hogan and Geoffrey Gee undertook the mapping and sampling programme which confirmed the presence of visible carnotite ($K_2(UO_2)_2(VO_4)_2 \cdot 3H_2O$) mineralisation in a planar calcrete horizon developed both above and below the standing water table (which occurs at 4.3 m). (see photographs below). A description of the trench geology is given in Appendix 1.



Trench 2 – Carnotite in calcrete



Trench 2 – Carnotite in sandy clay below the water table

The morphology of the mineralisation as in seen in the trenches can now be correlated with drill hole descriptions from the Company's 2005 drill programme and with those described by Uranerz in their 1987-1991 drilling programmes. This data will now provide confidence in the block modeling of grade distribution and geology for future resource estimation work.

With respect to the drilling problems encountered by the Company in 2005 the trenching has demonstrated that 'hitting' the top calcrete unit containing powdery carnotite with high pressure air could cause the carnotite in part to be lost to the formation hence reducing the overall grade of the sample. It is also obvious from the trenching that the water saturated sand and clay zones could cause problems when trying to collect representative samples through a standard drill cyclone system with the sample 'hanging up' in the rods and the return air hose.

The nature of the carnotite mineralisation as powdery encrustations and 'painted surfaces' in vuggy calcrete and as disseminations and blebs through sandy clays also means that standard RAB/Aircore drilling is not suited to collecting representative samples. Core drilling would also be problematical in that the water return would most likely wash out the powdery carnotite from the vugs. 'Dead stick' auger drilling is an alternative sampling method (this method was used by Uranerz for part of their programme).

The Company has however decided that the next phase of drilling at Napperby will be undertaken using a piling rig (no air) which will cut a 45 or 60 cm diameter hole to a depth of 10 -12 m. This type of drilling is currently being undertaken in the mineral sands industry to acquire large uncontaminated samples from 30 to 40 m depths. At Napperby one metre samples will be collected, weighed, homogenized and sampled in a Bobcat bucket. Each hole will be backfilled and rehabilitated by the Bobcat upon completion.

Assay Results

The assay results from the channel sampling programme are given in Figures T1 to T10 and the trench locations in Figure 1. The assays are considered to be very encouraging when compared to original DYL and Uranerz drill results.

In the DYL 2005 drilling the average grade returned from 2,013 samples was 89 ppm U_3O_8 . This included 6 samples at +1,000 ppm and 10 samples in the range 500 to 1,000 ppm U_3O_8 . The Uranerz data from the same area (as drilled by DYL) comprised 978 samples at an average grade of 145 ppm U_3O_8 with 4 samples at +1,000 ppm and 12 samples in the range 500 to 1000 ppm U_3O_8 . As previously reported, the Uranerz (non JORC compliant – public domain) resource estimate for the Napperby deposit is 6,200 tonne of contained U_3O_8 . The average grade of the deposit is 370 ppm U_3O_8 using a 200 ppm cut-off.

The results from **Trench 3** are very significant as they demonstrate the presence of high grade mineralisation within what is perceived to be a low grade deposit. Drill hole **NW 235** returned 3 m at 810 ppm U_3O_8 from 3 m downhole. East Wall – Channel C approximates the drill hole position and returned 2.85 m at 1,340 ppm U_3O_8 from 3 m with the bottom sample assaying 1,530 ppm U_3O_8 being cut off by the water table.

Importantly, Trench 3 (see Figures T9 and T10) returned consistent +1,000 ppm (0.1%) U_3O_8 at 2 m thickness over 10 m of lateral sampling (i.e. in 11 one metre spaced vertical channels) on both walls of the trench. A peak value of 3,460 ppm (0.35%) U_3O_8 over 1.2 m was returned from East Wall - Channel I. This is the highest assay within the total drilling and trenching database.

Trench 1 which lies 600 m to the WSW of Trenches 2 and 3 (see Figure 1) was dug in three sections (A, B and C) comprising 26 m of lateral sampling (see Figures T1 to T6). Trench 1A – Channel E approximates drill hole **NW 171** which returned 3 m at 1,104 ppm U_3O_8 from 2 m depth. Channel E assayed 2.12 m at 785 ppm U_3O_8 from 3 m depth. Overall, Trench 1A returned +500 ppm U_3O_8 on both walls over 5 m of vertical channel sampling.

Horizontal channel sampling in Trench 1A (see Figure T3) along a carnotite rich coarse sand layer (20 cm thick) returned 6 m at 1,511 ppm (0.15%) U_3O_8 . The west wall of Trenches 1B and 1C returned +250 ppm U_3O_8 over the sampling length. The East Wall of 1C returned patchy values attributed to less intense sampling.

Trench 2 lies 100 m NNE of Trench 3 (see Figure 1) and was dug next to hole **NW 256** which returned 4 m at 720 ppm U_3O_8 from 2 m. East Wall – Channel A approximates the position of the drill hole and returned 3.15 m at 438 ppm U_3O_8 from 2.5 m depth. Trench 2 returned +250 ppm U_3O_8 over its entire sampling length on both walls.

In summary, sampling of the trenches over the three drill holes whilst confirming the order of magnitude of the drill results show that within each trench there are lateral (along) and across trench grade variations (both higher and lower) which would be difficult to replicate in small diameter drill holes and to interpret from wide spaced drilling.

In addition, whilst the upper calcrete horizon is consistently mineralised at +250 to +1,000 ppm U_3O_8 depending on the amount of crustiform to powdery carnotite present on vug surfaces, the better grades returned from the trenching can be correlated with disseminated to blebby carnotite development in reduced sandy clays (\pm organic carbon) below the upper calcrete layer. This disseminated, fine to coarse blebby style of mineralisation would be difficult to sample representatively with small diameter drill holes as were previously used by both DYL and Uranerz.

In conclusion the trenching programme has demonstrated:

- That the Napperby uranium mineralisation is a classic shallow calcrete hosted style formed within a broad palaeochannel draining west into Lake Lewis.
- That using a 100 ppm U_3O_8 cut-off could generate a significant tonnage potential located close to the surface in loosely consolidated Quaternary sand and clay with a well developed upper calcrete horizon at 2-3 m depth marking the top of the mineralised zone.
- That, while the average grade of the deposit as delineated by Uranerz over 14 km strike was considered to be sub-economic at 370 ppm U_3O_8 , the trenching by DYL has provided significant upside into locating higher grade channels within the overall deposit and that the increased U_3O_8 price to US\$41.50 per pound will also allow a lower cut-off grade to be used for future resource estimations.
- That a combination of large diameter drilling and yet to be determined geophysical methods (e.g. sub-audio magnetics, resistivity or ground penetrating radar) will now be used to map and further evaluate the prospectivity of the Napperby palaeochannel with a view to locating higher grade channels within the known 14 km strike of this prospect.

- That disequilibrium between radioactivity and chemical assays has irrefutably been demonstrated in the trenches. This means that downhole logging is not suitable for determining the grade of uranium mineralisation and selection of samples for chemical analyses at Napperby and that in future all samples from 2 m will be submitted for chemical analyses.

The positive results generated by the trenching programme have provided the Board with confidence to proceed with the next phase of resource drilling and prospect evaluation at Napperby.

Yours Faithfully



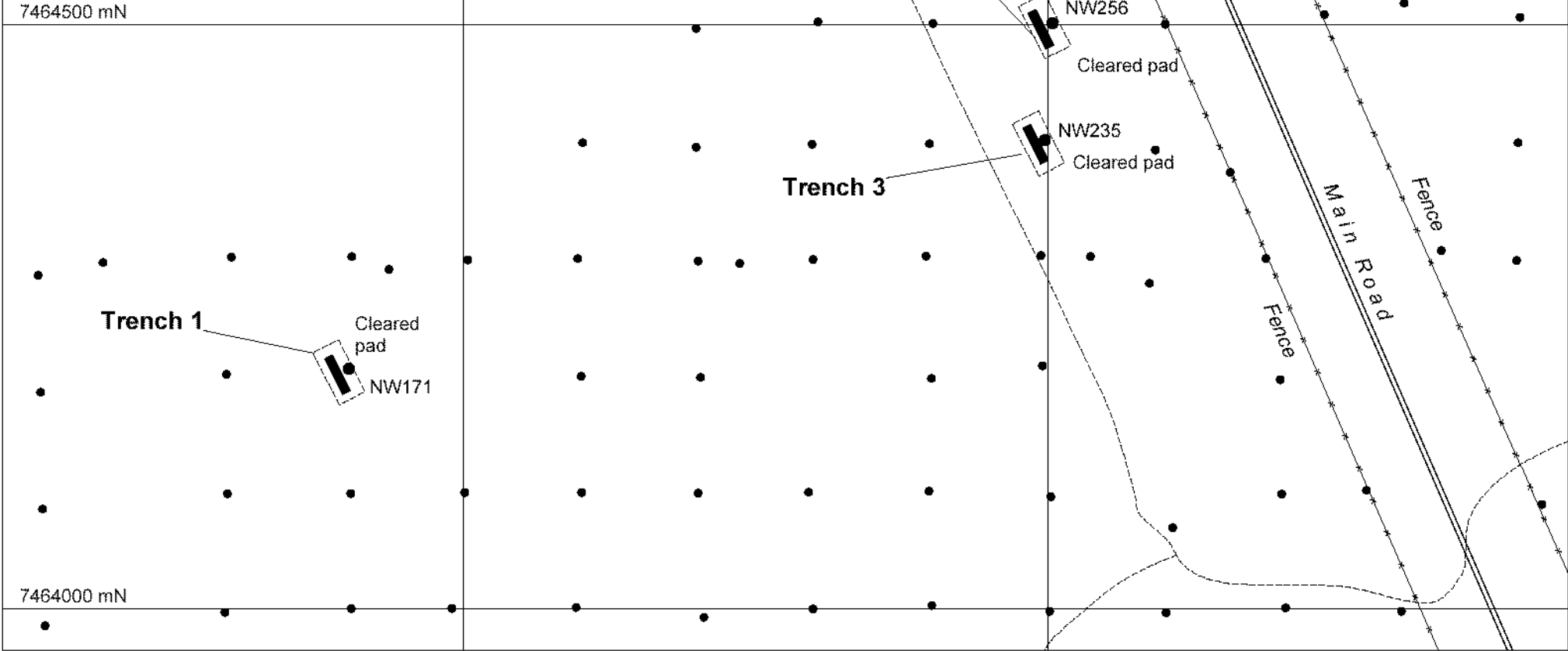
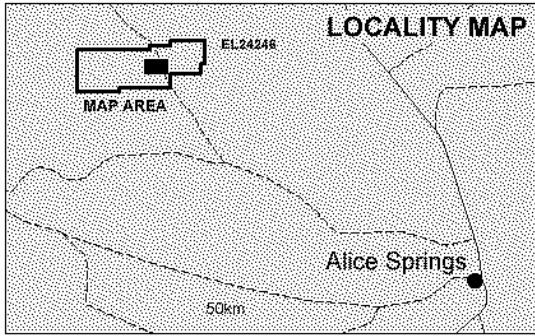
Dr Leon Pretorius
Executive Chairman
Deep Yellow Limited

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr Leon Pretorius. Dr Leon Pretorius is a Fellow of the Australasian Institute of Mining and Metallurgy and is an employee of the Company. Dr Pretorius has sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which they 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, the JORC Code". Dr Pretorius consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

APPENDIX 1. NAPPERBY TRENCHING PROGRAMME

The major Quaternary units that comprise the Napperby palaeochannel are described below with approximate depths. Minimum and maximum thicknesses are also annotated in brackets.

Depth (m)	Description
0 - 1	Soil - Aeolian sand, dark brown sandy loam (0.6 m)
1 - 3	Oxidized Sandy Clay - An orange-brown indurated quartz sand, nodular calcrete layer at top, rare carnotite, calcrete nodules bio-turbated from upper calcrete zone, (1.9 -2.2 m)
3 - 3.5	Upper Calcrete Zone - Massive calcrete and silcrete, grey-white clay, carnotite on fracture and vugh surfaces (0-0.5 m)
3.5 - 7	<p>Mottled Sandy Clay - Green-grey and orange-brown mottled clayey quartz sand, carnotite disseminations and blebs (1.0-1.2 m)</p> <p>Lower Calcrete (Zones A and B 0-0.2 m lower B in Trench 3 only) massive calcrete and silcrete, grey-white clay, carnotite on fracture surfaces (0-0.5 m)</p> <p>Sand - best developed in Trench 1, absent in Trenches 2 and 3) medium-coarse grained well sorted quartz sand, carnotite disseminations and blebs(0-0.2 m)</p> <p>Sandy Clay +/- carbon - A green-grey clayey sand +/- carbon, carnotite blobs (2.2 m - base not seen)</p>

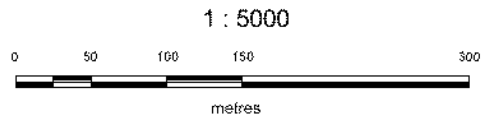


DRILL HOLE LEGEND

- Deep Yellow Drill Holes
- Uranerz Drill Holes

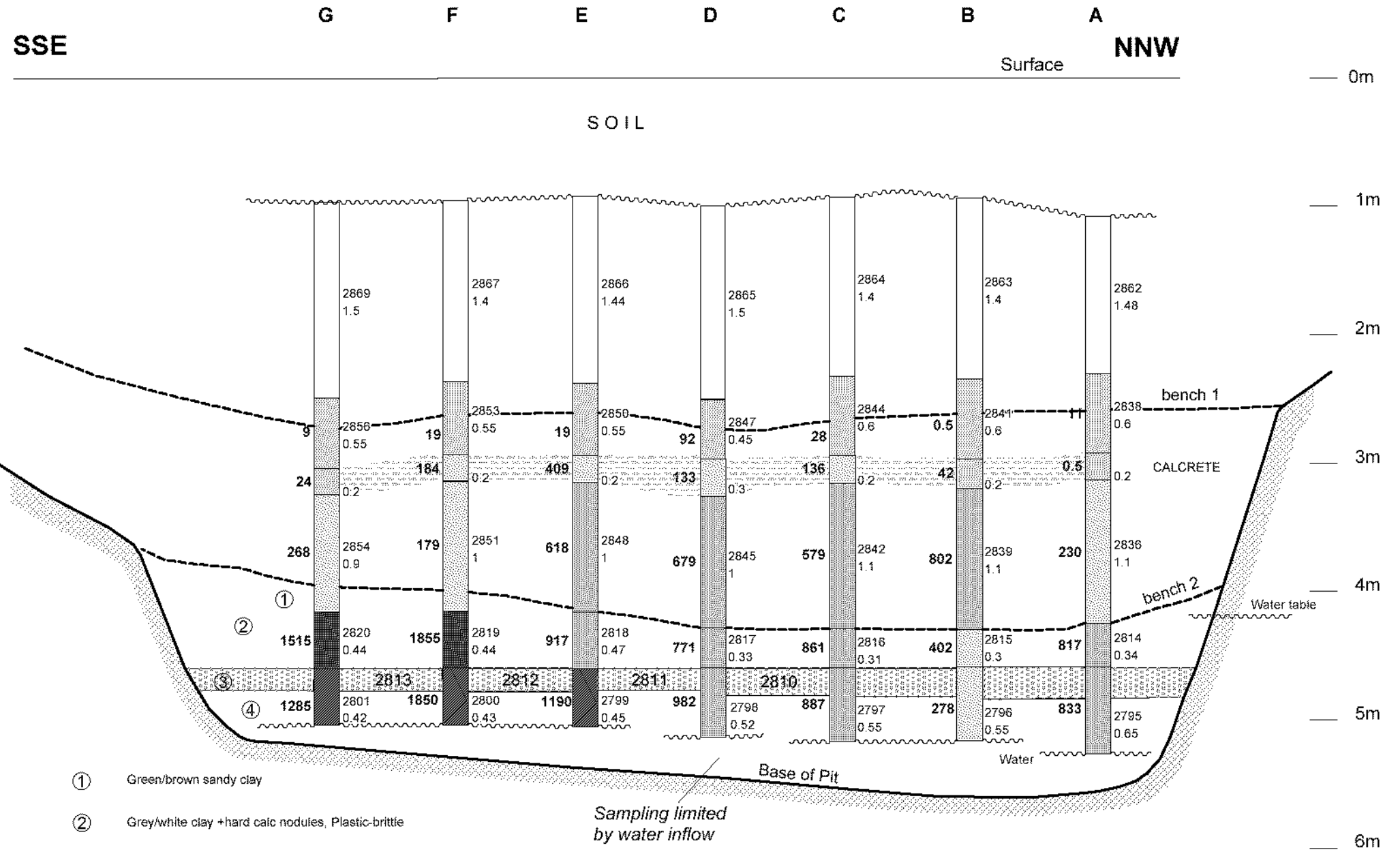
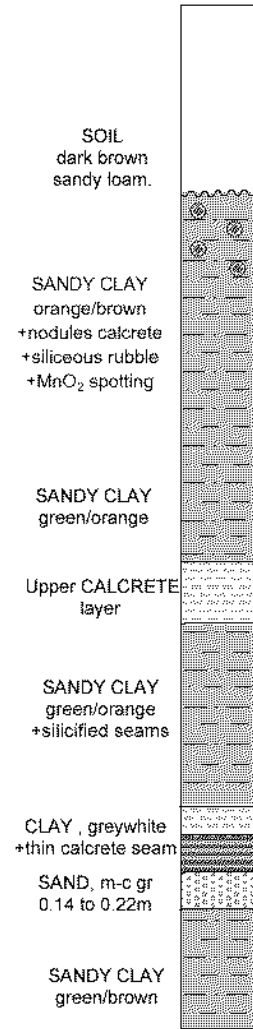
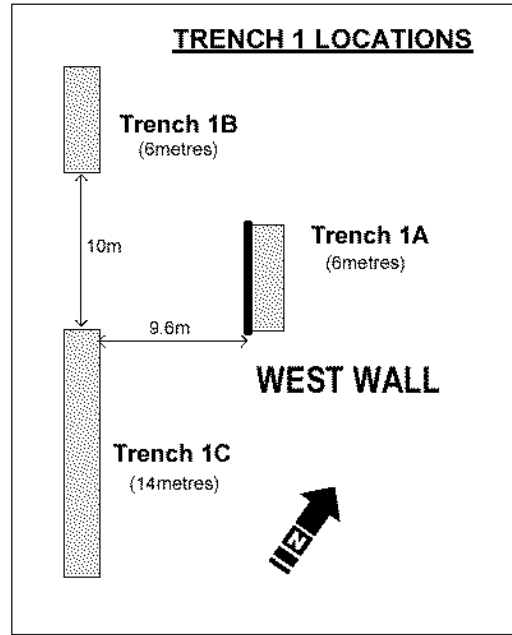


DEEP YELLOW LTD



**Trench Locations
 with Drill Holes**

PROJECT: NAPPERBY - EL24246		N.T.
Originator: M.E.Kavanagh	Date: April 2006	Drawn: CAD Innovations
Projection: GDA 94 zone 53		File:
SCALE: 1:5000		FIGURE 1



- ① Green/brown sandy clay
- ② Grey/white clay +hard calc nodules, Plastic-brittle
- ③ Loose orange/brown m-c sand, thins toward SSE. wet
- ④ Green/brown clay (down to waterline). wet

LEGEND

ppm U₃O₈ 1415

3141 Sample number and length (m)

1.2

ppm U₃O₈

- >2000 ppm
- 1000 - 2000
- 500 to 1000
- 250 to 500
- 100 to 250
- <100

U; U+; U++ Carnotite mineralisation

DEEP YELLOW LTD

1 : 400

0 1 2 metres

TRENCH 1A - WEST WALL
Vertical Sample Results

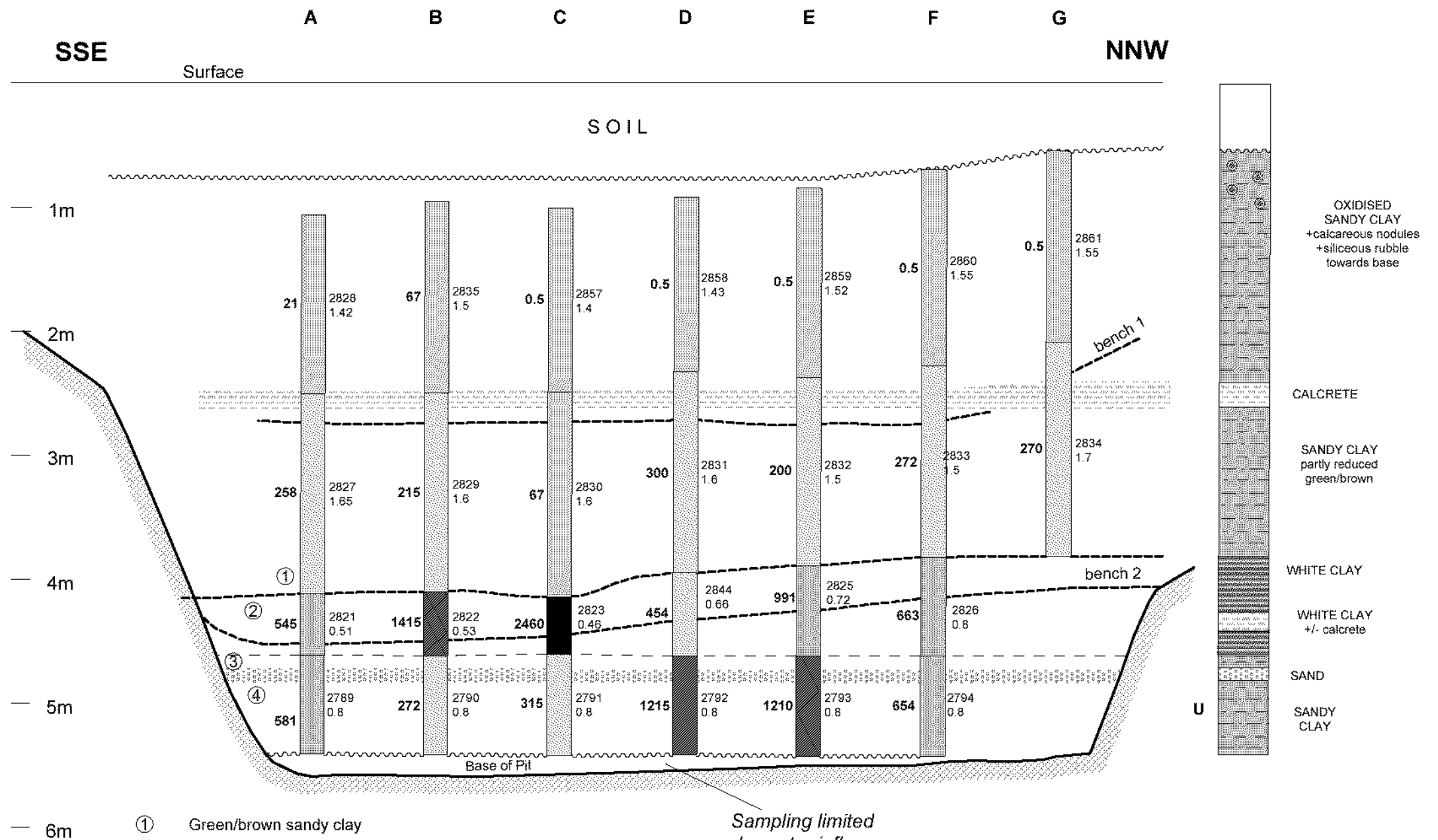
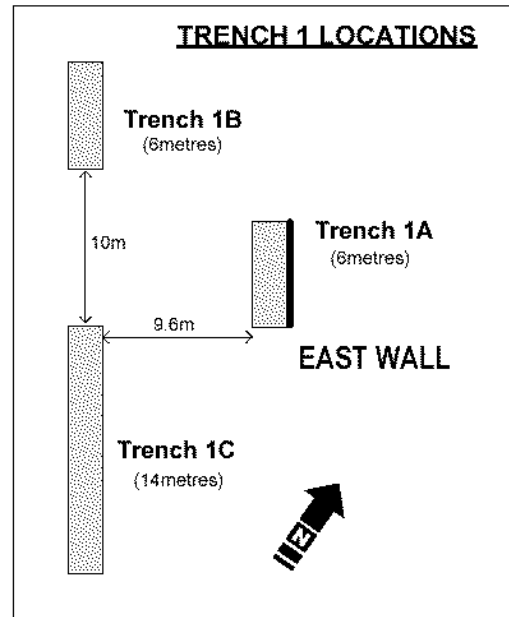
PROJECT: NAPPERBY - EL24246 N.T.

Originator: G.Gee Date: April 2006 Drawn: CAD Innovations

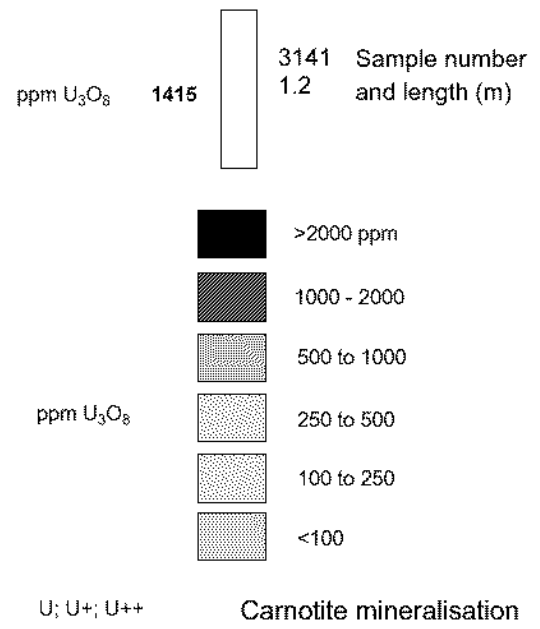
Projection: Non-earth projection File:

SCALE: 1 : 400

FIGURE T1



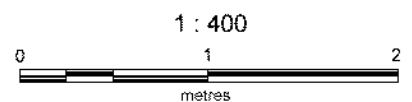
LEGEND



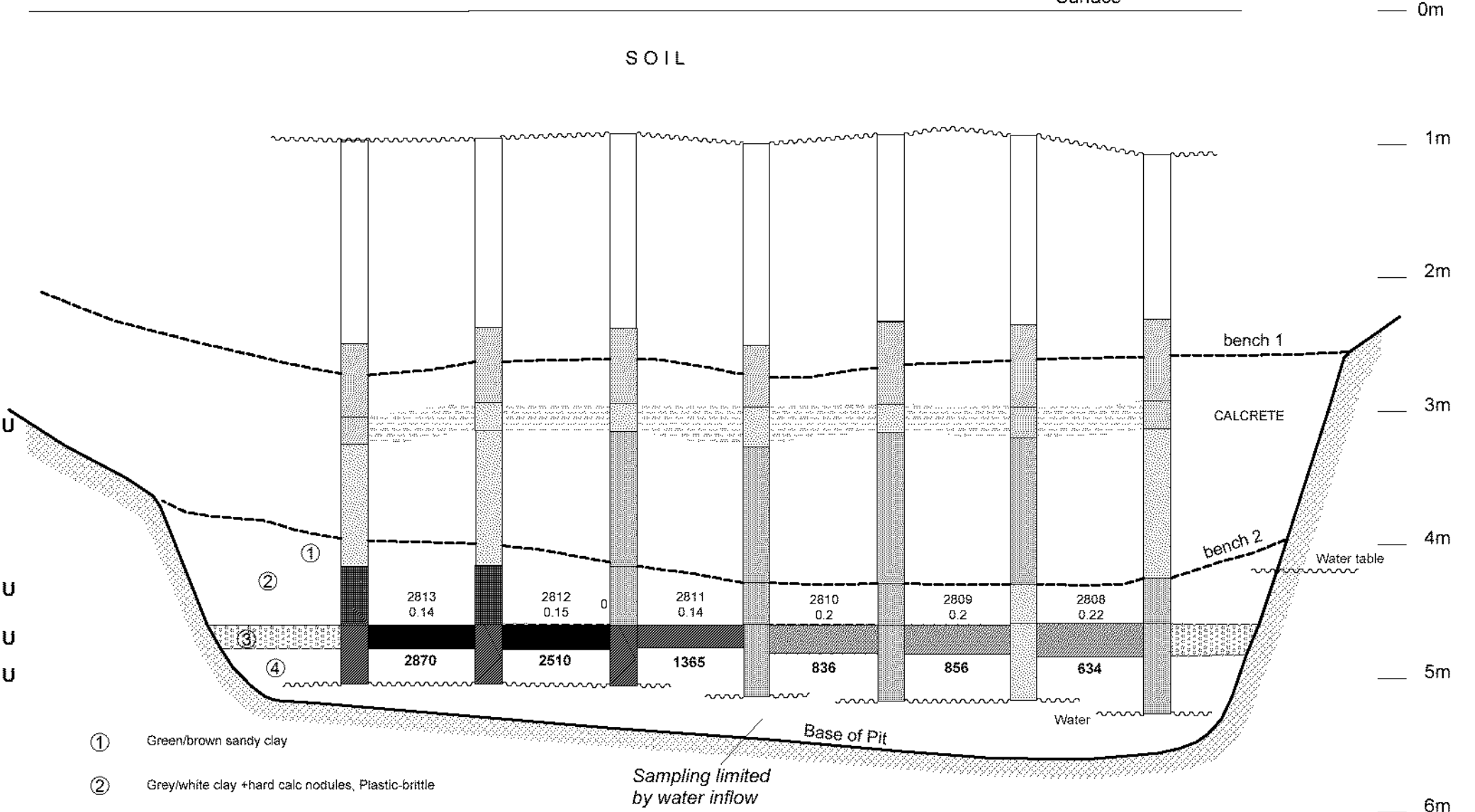
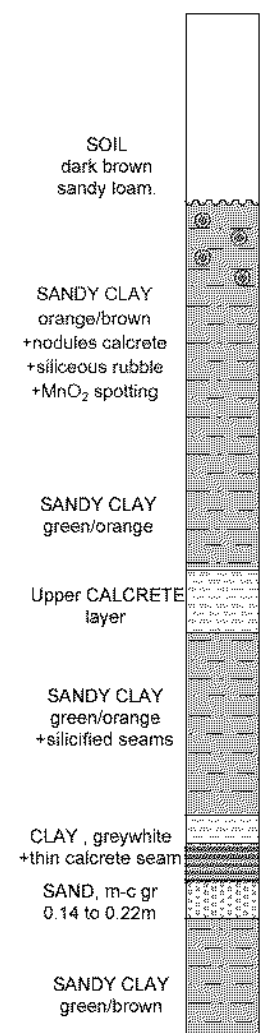
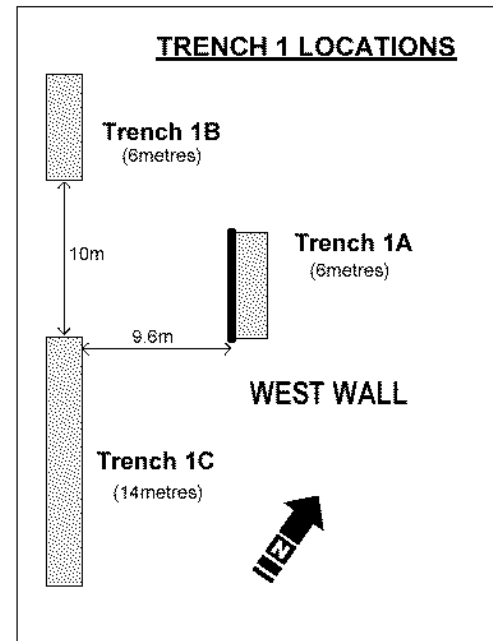
- ① Green/brown sandy clay
- ② Grey/white clay + hard calcrete nodules. Plastic - brittle
- ③ Loose orange/brown m-c sand, thins toward SSE. wet
- ④ Green/brown clay (down to waterline). wet

Sampling limited by water inflow

 DEEP YELLOW LTD	TRENCH 1A - EAST WALL	
	PROJECT: NAPPERBY - EL24246	N.T.
Originator: G.Gee	Date: April 2006	Drawn: CAD Innovations
Projection: Non-earth projection	File:	
SCALE: 1 : 400	FIGURE T2	



SSE G F E D C B A NNW
Surface



- ① Green/brown sandy clay
- ② Grey/white clay +hard calc nodules, Plastic-brittle
- ③ Loose orange/brown m-c sand, thins toward SSE. wet
- ④ Green/brown clay (down to waterline). wet

LEGEND

ppm U₃O₈ 1415

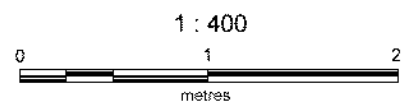
3141 Sample number and length (m)
1.2

ppm U₃O₈

- >2000 ppm
- 1000 - 2000
- 500 to 1000
- 250 to 500
- 100 to 250
- <100

U; U+; U++ Carnotite mineralisation

		TRENCH 1A - WEST WALL Horizontal Sample Results	
PROJECT: NAPPERBY - EL24246		N.T.	
Originator: G.Gee	Date: April 2006	Drawn: CAD Innovations	
Projection: Non-earth projection		File:	
SCALE: 1 : 400		FIGURE T3	

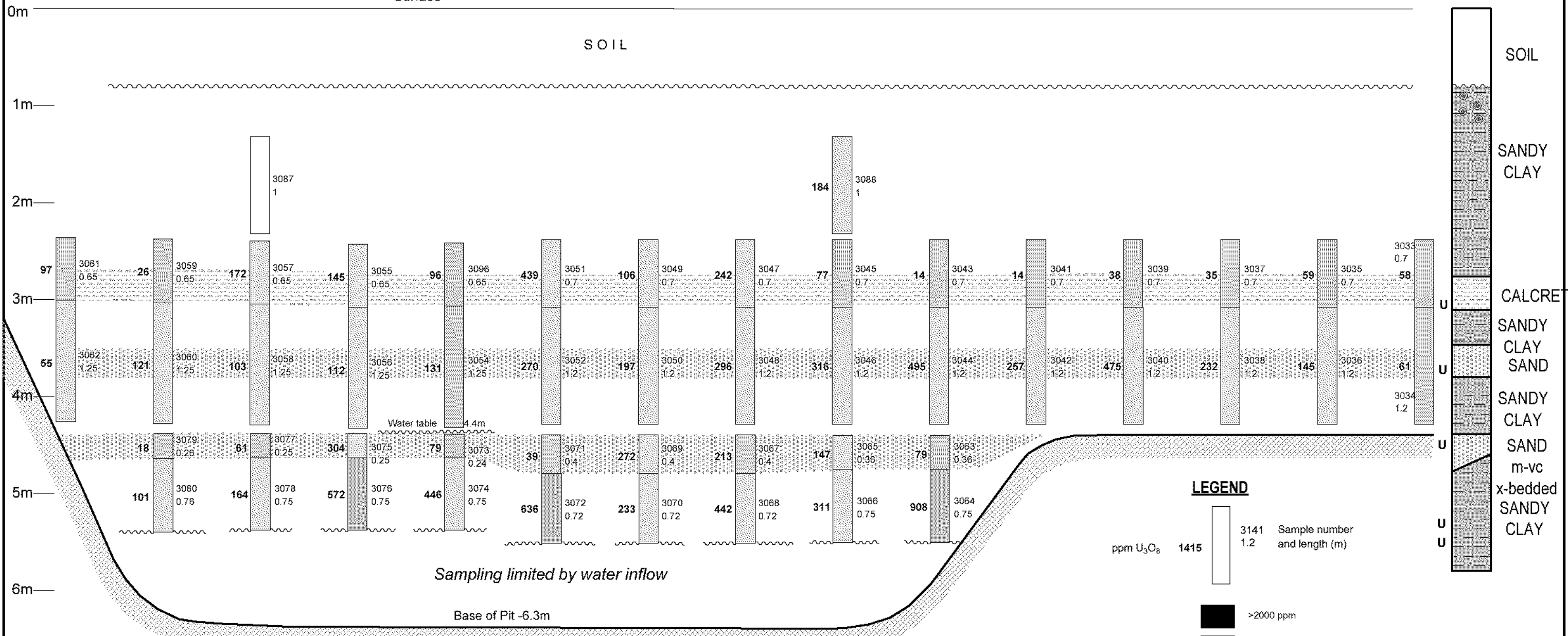


257 399mE
7 464 186mN

257 389mE
7 464 196mN

X W V U T S R Q P O N M L K J

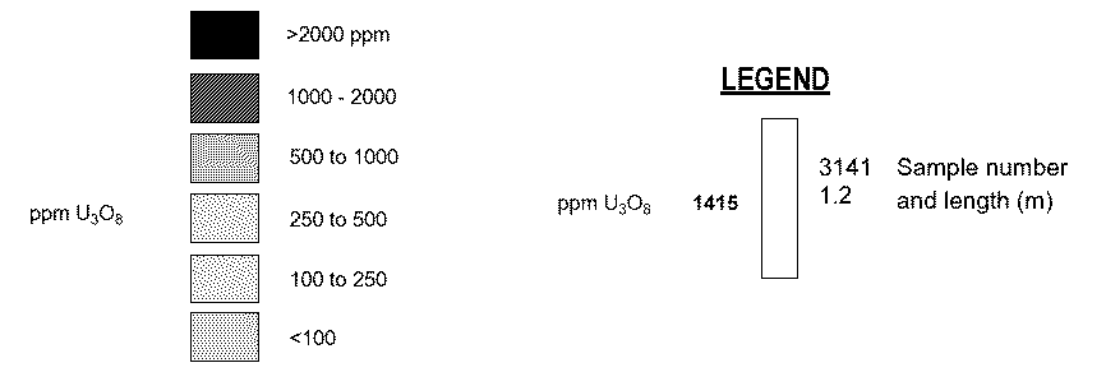
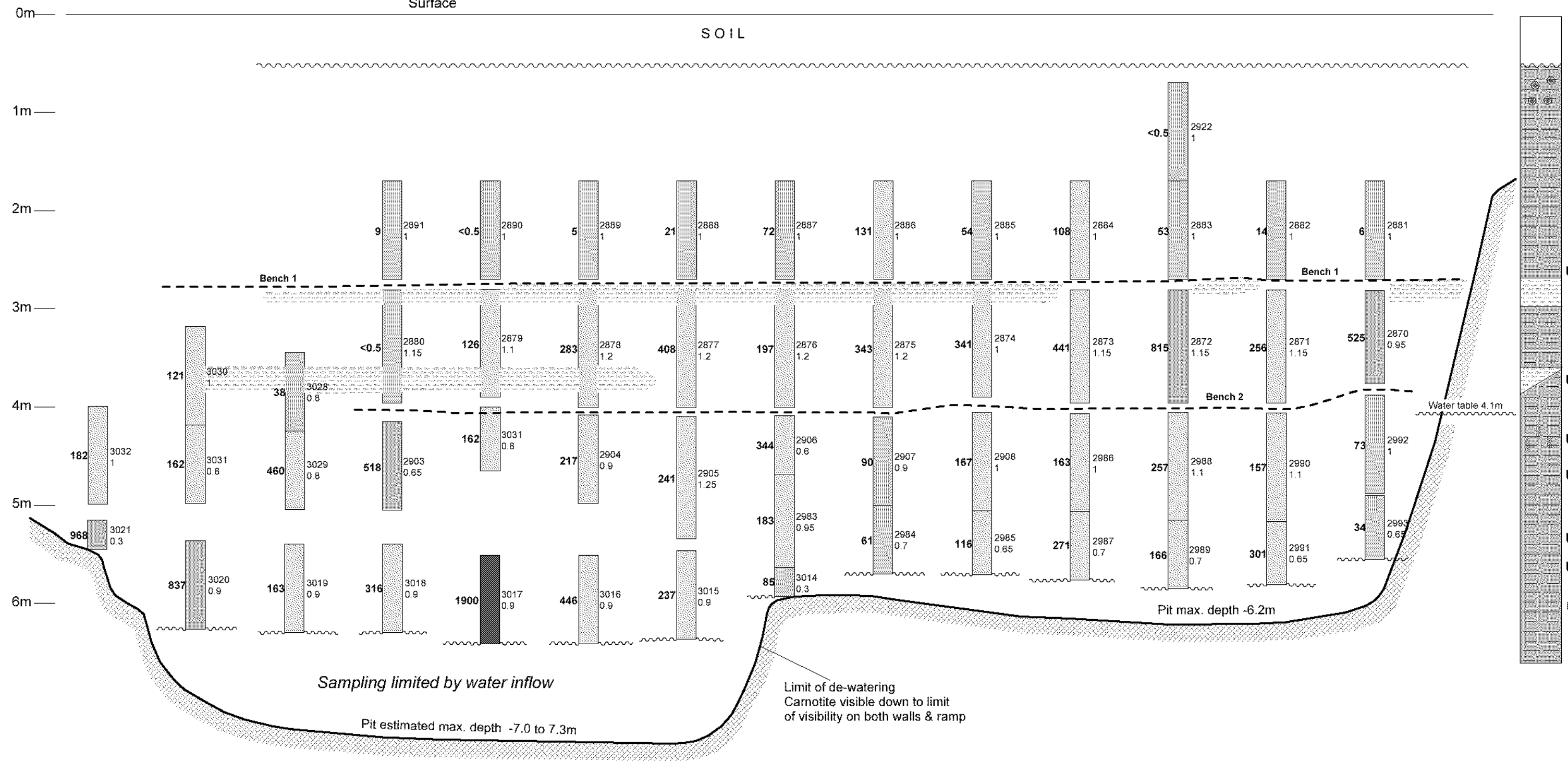
SSE Surface NNW



Y X W V U T S R Q P O N M L

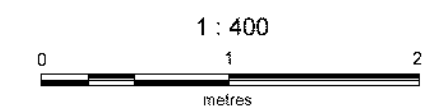
SSE

NNW

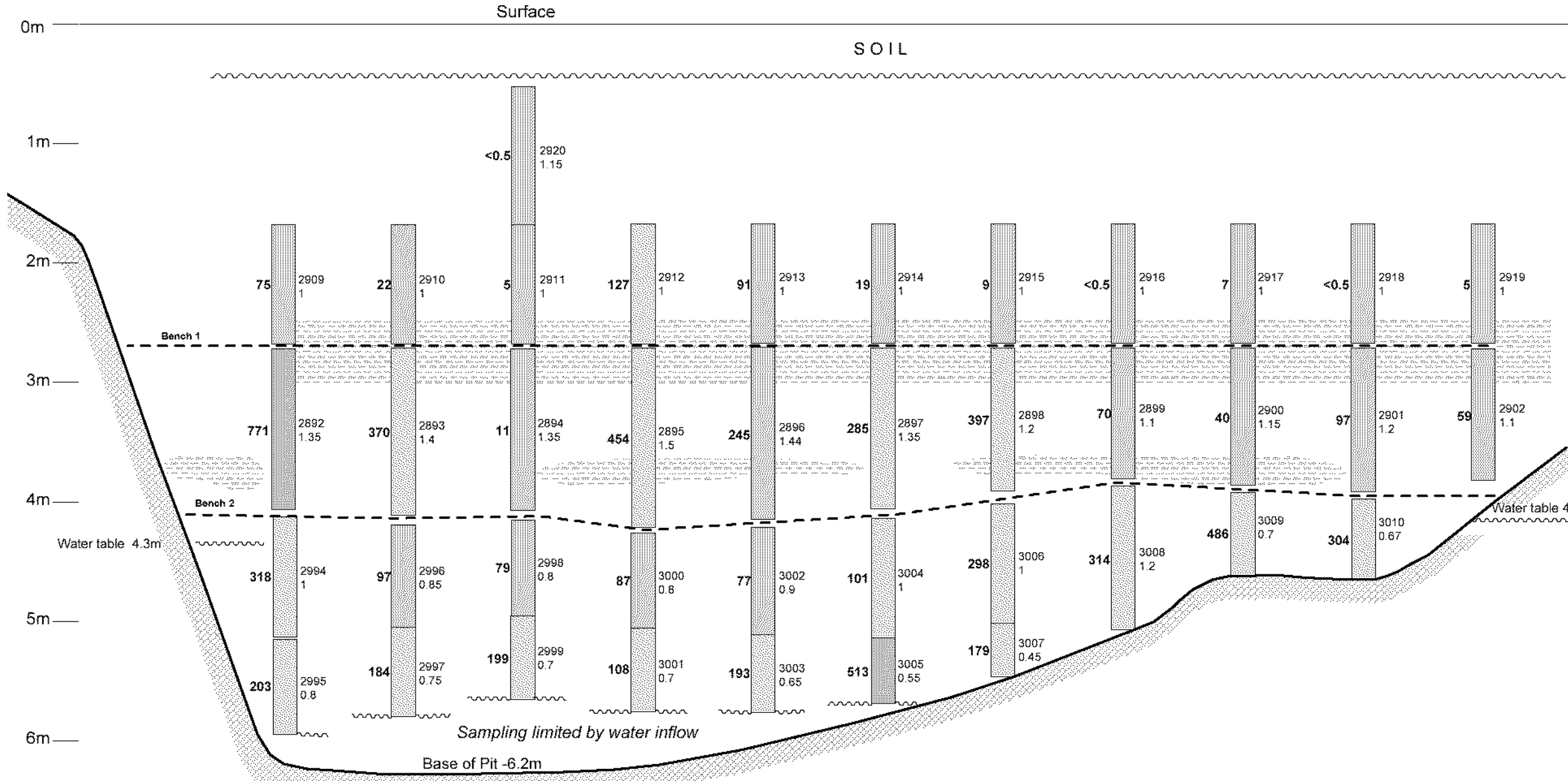


U; U+; U++ Carnotite mineralisation

DEEP YELLOW LTD		TRENCH 2 - WEST WALL	
PROJECT: NAPPERBY - EL24246		N.T.	
Originator: G.Gee	Date: April, 2006	Drawn: CAD Innovations	
Projection: Non-earth projection		File:	
SCALE: 1 : 400		FIGURE T7	

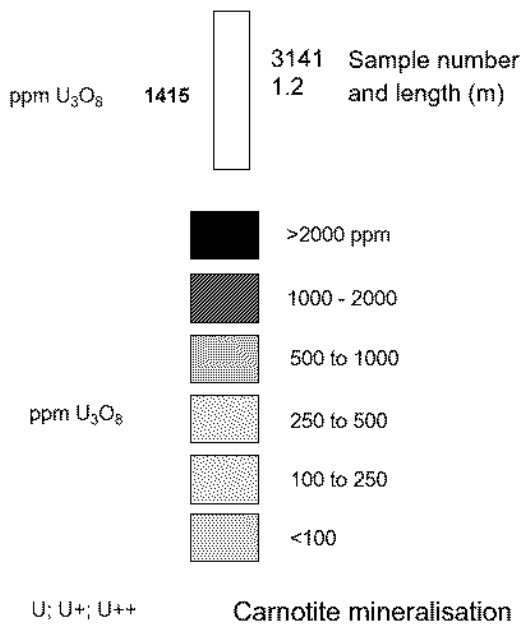


NNW A B C D E F G H I K L SSE
258 005mE 7 464 495mN 258 010mE 7 464 485mN



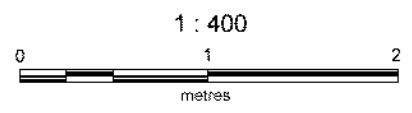
SOIL
 SANDY CLAY
 +/- calcareous nodules
 +/- silcrete rubble
 U UPPER CALCRETE
 +/- white clay, sand, silcrete
 SANDY CLAY
 U CALCRETE
 poddy, discontinuous
 U SANDY CLAY
 +/- spotty sooty carbon trash
 +/- ovoid mottling
 +/- carnotite blebs
 x-bedded
 U++

LEGEND

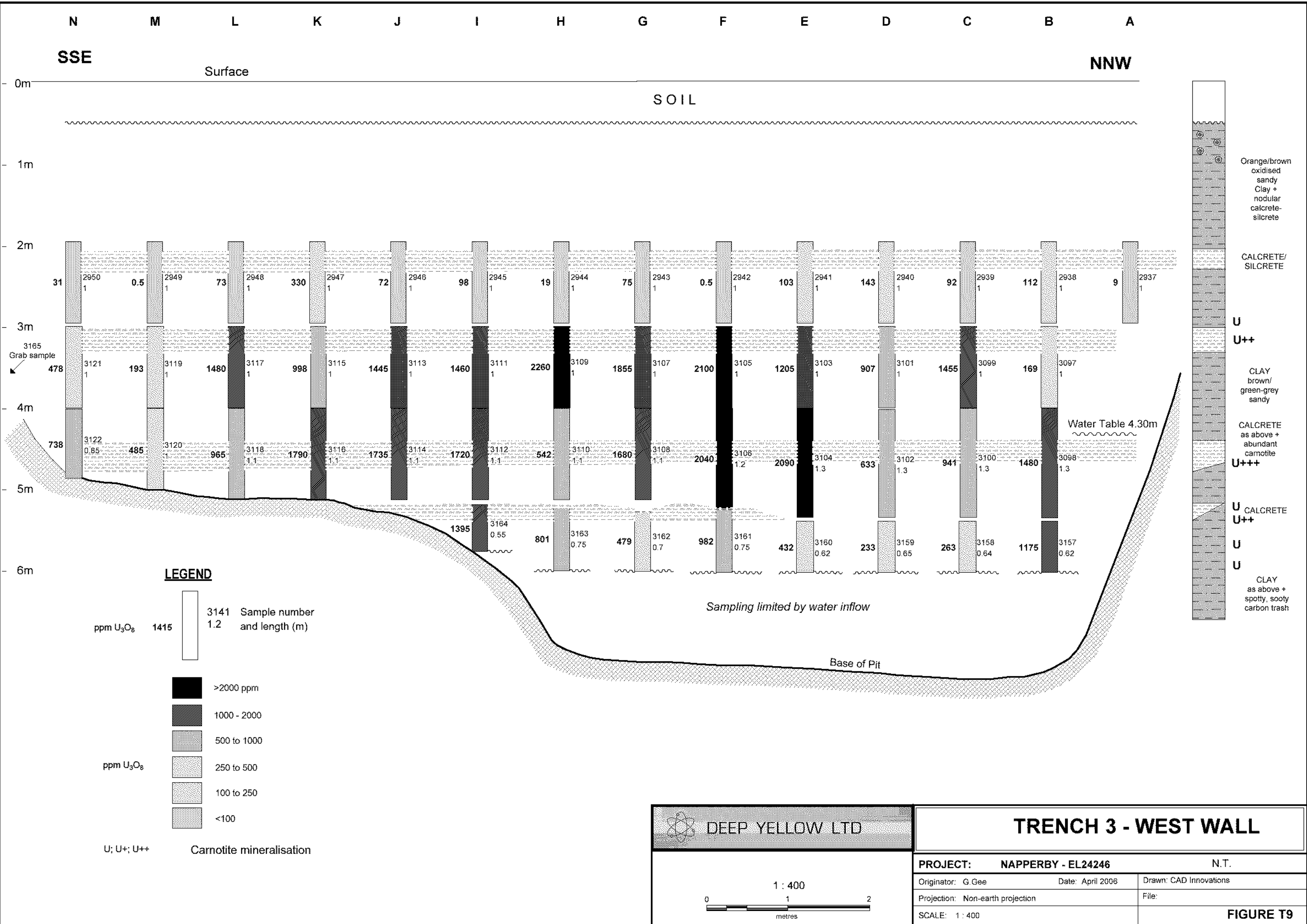


DEEP YELLOW LTD

TRENCH 2 - EAST WALL

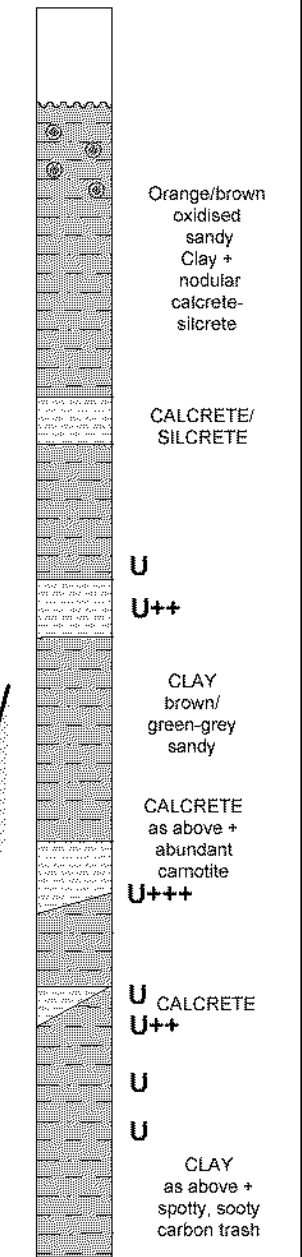
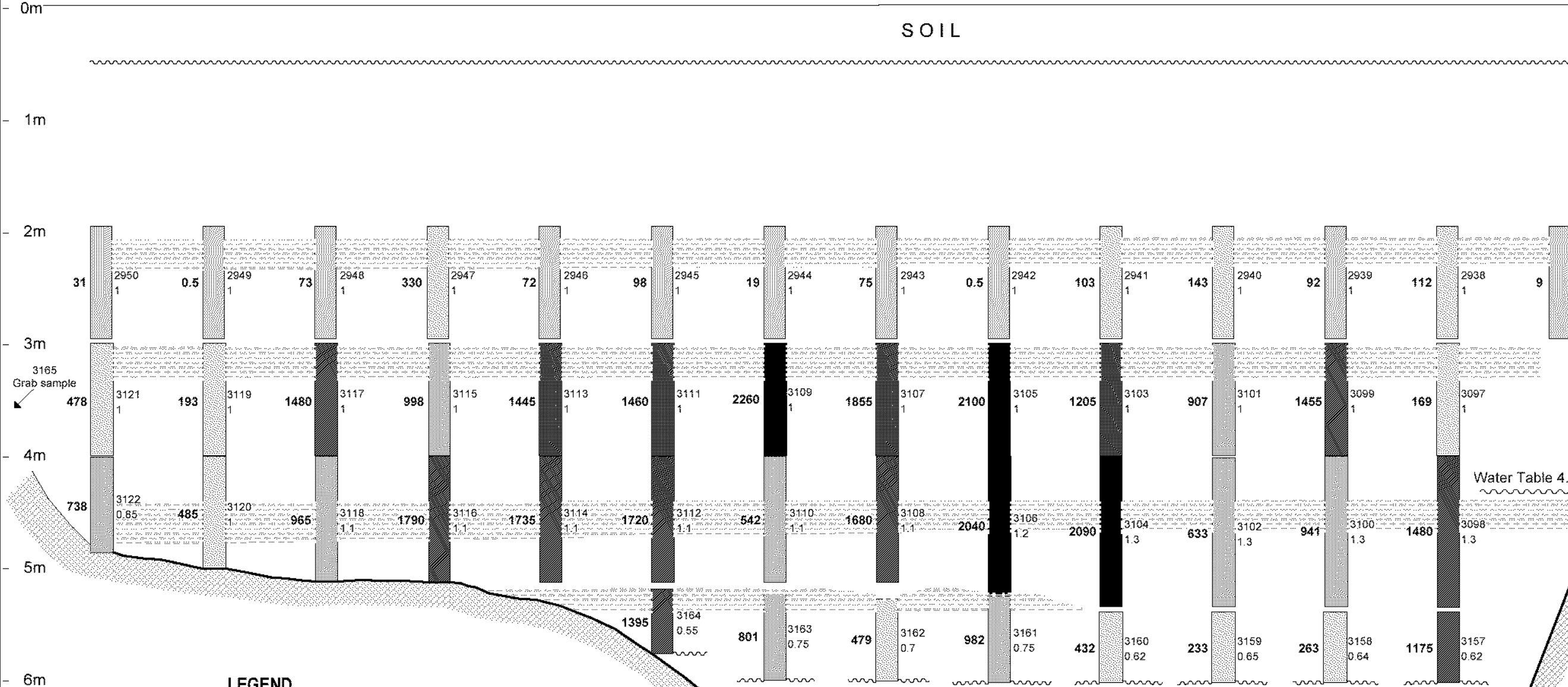


PROJECT: NAPPERBY - EL24246		N.T.
Originator: G.Gee	Date: April 2006	Drawn: CAD Innovations
Projection: Non-earth projection		File:
SCALE: 1 : 400		FIGURE T8



N M L K J I H G F E D C B A

SSE NNW



DEEP YELLOW LTD

TRENCH 3 - WEST WALL

PROJECT: NAPPERBY - EL24246	N.T.
Originator: G.Gee	Date: April 2006
Projection: Non-earth projection	Drawn: CAD Innovations
SCALE: 1 : 400	File:

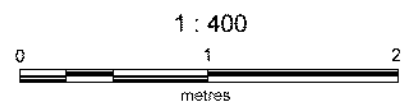
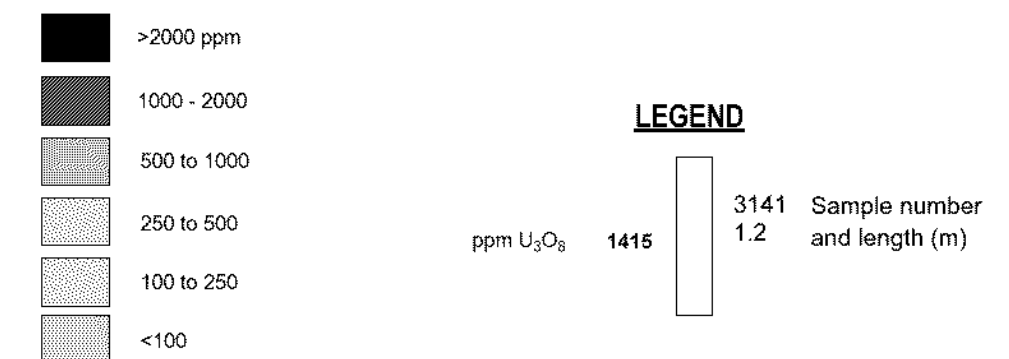
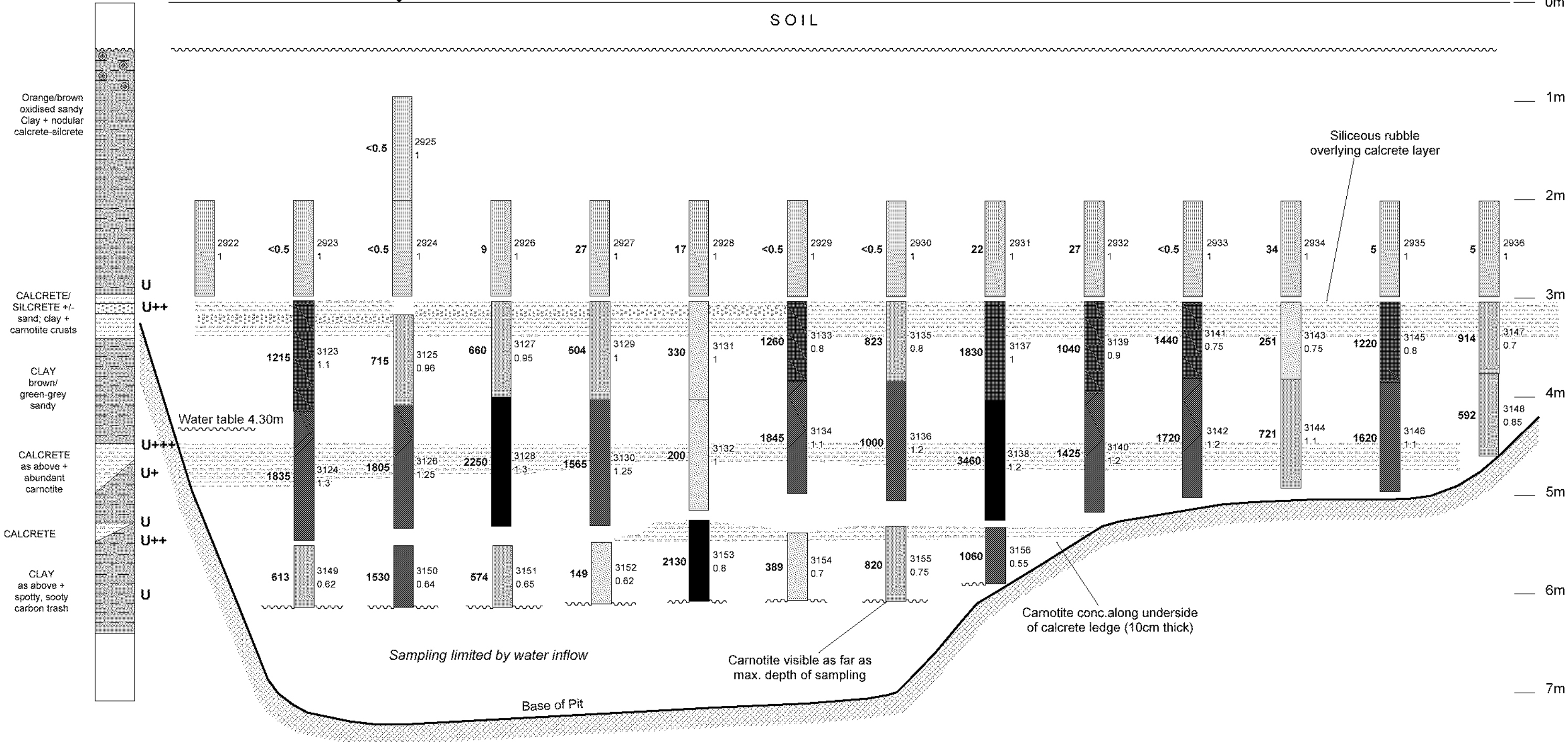


FIGURE T9

A B C D E F G H I J K L M N
 257 999mE 7 464 399mN
 DYL Drill Hole NW235
 258 004mE 7 464 391mN
 NNW SSE
 Surface 0m



DEEP YELLOW LTD

TRENCH 3 - EAST WALL

PROJECT: NAPPERBY - EL24246 N.T.

Originator: G. Gee Date: April 2006 Drawn: CAD Innovations

Projection: Non-earth projection File:

SCALE: 1 : 400

1 : 400

0 1 2 metres

FIGURE T10