

# Deep Yellow Limited

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## **October - December 2004**

### **QUARTERLY REPORT ON EXPLORATION ACTIVITIES**

During the December quarter the Company advised that it had acquired two advanced Uranium projects from Paladin Energy Minerals NL, a wholly owned subsidiary of Paladin Resources Ltd (Paladin). The projects are known as Napperby and Northeast Arunta and are located in the Northern Territory:

#### **Napperby Project (EL24246)**

The Napperby Project is located 150km northwest of Alice Springs in the Northern Territory. It consists of one exploration licence covering 809km<sup>2</sup> and is prospective for both deeper sandstone roll front and surficial calcrete uranium target types.

Uranerz drilled 820 shallow percussion holes on the Napperby tenement in the late 1970's culminating in resource definition work and a pre-feasibility study. The work delineated a 20 x 4km uranium mineralised palaeodrainage and this area incorporates the New Well deposit which is several kilometres long by 1.5km wide, 1-5m thick and occurs at a shallow depth of around 10m.

The calculation of a JORC compliant resource estimate at New Well is a priority. Existing drilling is wide spaced (300m x 400m) and Deep Yellow believes that the higher grade parts of the deposit are controlled by sand filled channels. Deep Yellow plans to carry out infill drilling around these channels to establish a new higher grade resource at New Well.

The prime untested exploration target in this project is a sandstone hosted uranium deposit amenable to in-situ leaching (ISL). Drilling by Uranerz showed the presence of a deeper Tertiary palaeochannel extending to the west of the near-surface calcrete uranium mineralisation at New Well. This drilling was never followed up. Considering the high uranium content of the ground waters in the area, this palaeochannel system offers an excellent target for discovery of a sandstone hosted uranium deposit suitable for in-situ leaching. Deep Yellow plans a regional gravity survey to delineate the channel geometry followed by drilling to establish the sedimentology and redox conditions of the deeper channel.

#### **NE Arunta Project (EL9890)**

The North East Arunta Project is located in the Proterozoic Arunta block, approximately 270km NNE of Alice Springs. Exploration by previous workers has defined a 1400m long radiometric anomaly (Yambla Prospect) within the Yambla Amphibolite. Drilling and trenching of the Yambla Amphibolite by PNC, a major Japanese explorer in the 1980's, defined a 1-10m thick alteration zone within which occurs sporadic occasionally very high

grade uranium mineralisation in the form of egg-shaped nodules of uraninite grading 1-10% U<sub>3</sub>O<sub>8</sub>.

Fifteen (15) of the trenches dug by PNC show mineralisation of which two have reasonable zones of high grade material. Better trench assays of channel samples (0.5m to 1.0m) ranged 0.1-10%.

Elsewhere, assays adjacent to mineralisation ranged 10-200ppm U. One campaign of diamond drilling (13 holes) was completed, with two holes showing moderate downhole anomalies. All holes intersected at least some alteration proving a wide extent of the mineralising system. Drillhole assays ranged 5-50ppm U in altered rock while unaltered amphibolite was all <5ppm U. Previous explorers have found it difficult to determine the extent and distribution of the uranium nodules. After reviewing existing data Deep Yellow plans to carry out bulk sampling at Yambla and drilling to determine the distribution and potential economics of the Yambla Prospect and locate the routes of the extremely high grade egg-sized pods of the near surface uranium mineralisation.

### **Mikado Joint Venture**

The Joint Venture has appointed an independent consultant to review the Mikado Gold Project. A decision on the future of the Project is expected to be made in the coming quarter.

Yours sincerely



James Pratt  
Technical Director

*The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled by Mr Joseph Drake-Brockman who is a Member of The Australasian Institute of Mining and Metallurgy. Mr 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. Mr Drake-Brockman is a consultant to Deep Yellow Limited 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.*