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ASX ANNOUNCEMENT

ASX CODE: DYL

EXPLORATION AND CORPORATE STRATEGY UPDATE

13 May 2009

In December 2008 Deep Yellow Ltd (DYL, the Company) announced a change from reconnaissance and regional exploration to a focus on resource development so allowing the Company to move quickly into a pre-development phase for both Namibia and Australia (ASX release 2 December 2008). The positive results returned to date, coupled with the high potential of targets identified for resource delineation work and the improving outlook for uranium all signal the need for a further update of the Company's strategic plan with a view to fast tracking DYL's substantial portfolio of Namibian and Australian projects.

DYL has moved from pure exploration to specific project development focus adopting a three pronged operational strategy. In order of priority, work will focus on the following:

#1 PROJECT DEVELOPMENT

Rapidly advance the **INCA**, **INCA Deeps** and **Tubas Red Sand** projects in Namibia, to determine a new upgraded resource base for these projects through prefeasibility studies. Drilling will continue to test the full extent of the **INCA Deeps** mineralisation and to provide data for JORC Code resource estimation. In addition the Board has initiated the process of appointing consultants to undertake the initial scoping studies.

#2 JORC CODE RESOURCE PROGRAMMES

Continue the extensive JORC Code resource definition and delineation programmes previously announced for Namibia and, in parallel, initiate a similar programme for the best prospects in the Mt Isa district in Queensland, Australia.

The main focus in each country will be as follows:

NAMIBIA

- The validation of the 2008 drilling data from **Tubas Red Sand** and **Aussinanis**.
- The continuation of the drilling at **INCA and INCA Deeps**.
- the recommencement of the drilling of the uraniumiferous palaeochannel systems between **Tumas** and **Oryx**, 20,000 metre of drilling on this 12 km channel will start in May, and
- Incorporation of 2008 drilling data completed at **Tumas** outside the resource block on which Hellman and Schofield calculated the resource estimate.

This work will aim to add to the JORC Indicated and Inferred Mineral Resource at Tumas of 7.6 Mlb at 345 ppm (200 ppm cut-off) announced 5 March 2009 and the JORC Inferred Mineral Resource at Tubas of 38.8 Mlb at 228 ppm (100 ppm cut-off) announced 21 November 2007.

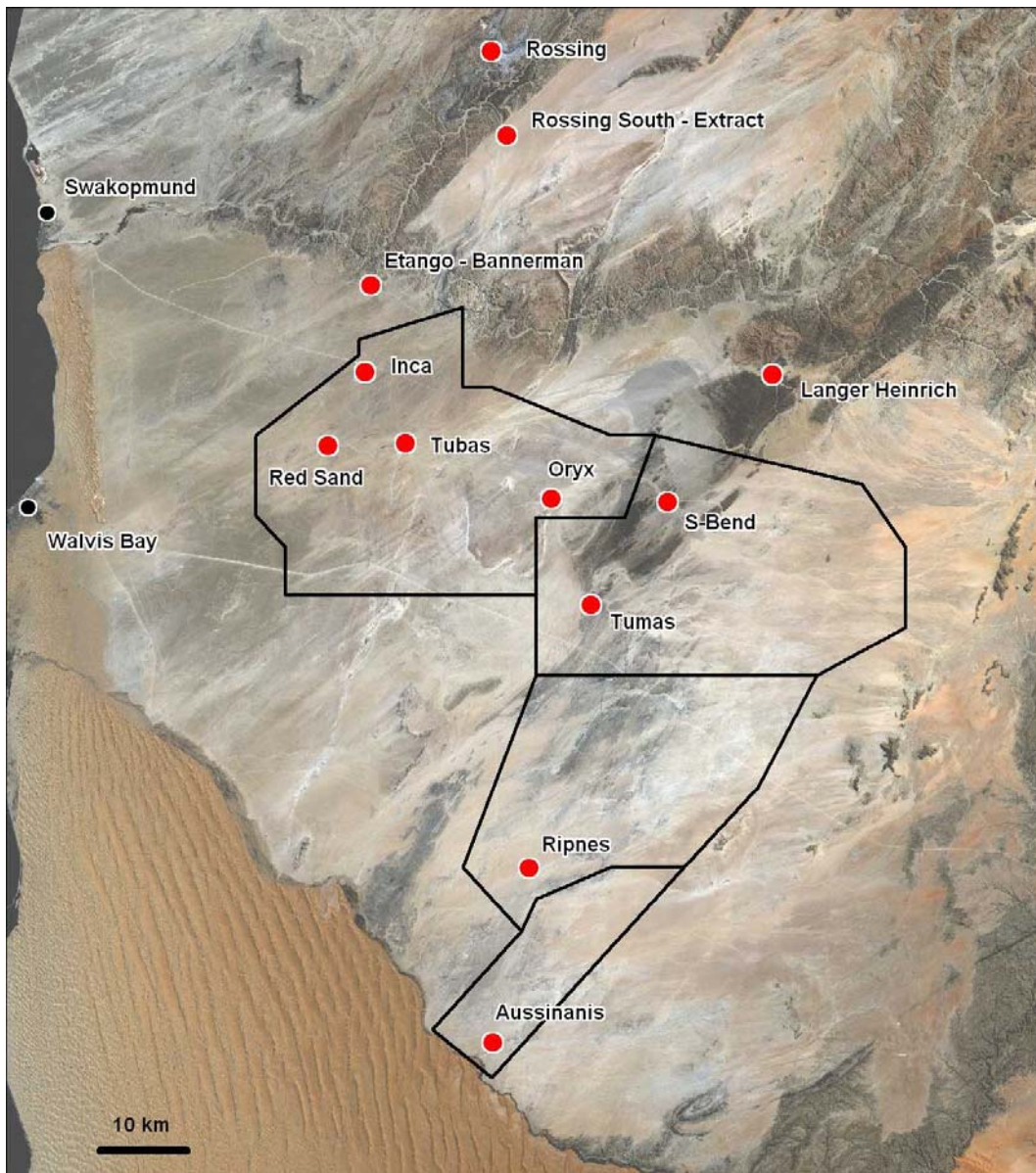


Figure 1: Locality map showing Reptile's 4 EPLs and projects plus uranium mines and projects held by other companies in the area.

AUSTRALIA

- The overall objective is to undertake detail drilling to delineate JORC Code inferred resources specifically at:-
 - The Isa West Project where the **Bambino**, **Turpentine**, **Eldorado** and **Thanksgiving** prospects will be drilled.
 - The recently 100% acquired Ewen Project, where the **Slance** and **Conquest** prospects will be drilled, and
 - The Prospector EPM, where the **Queens Gift** prospect will be tested to depth.

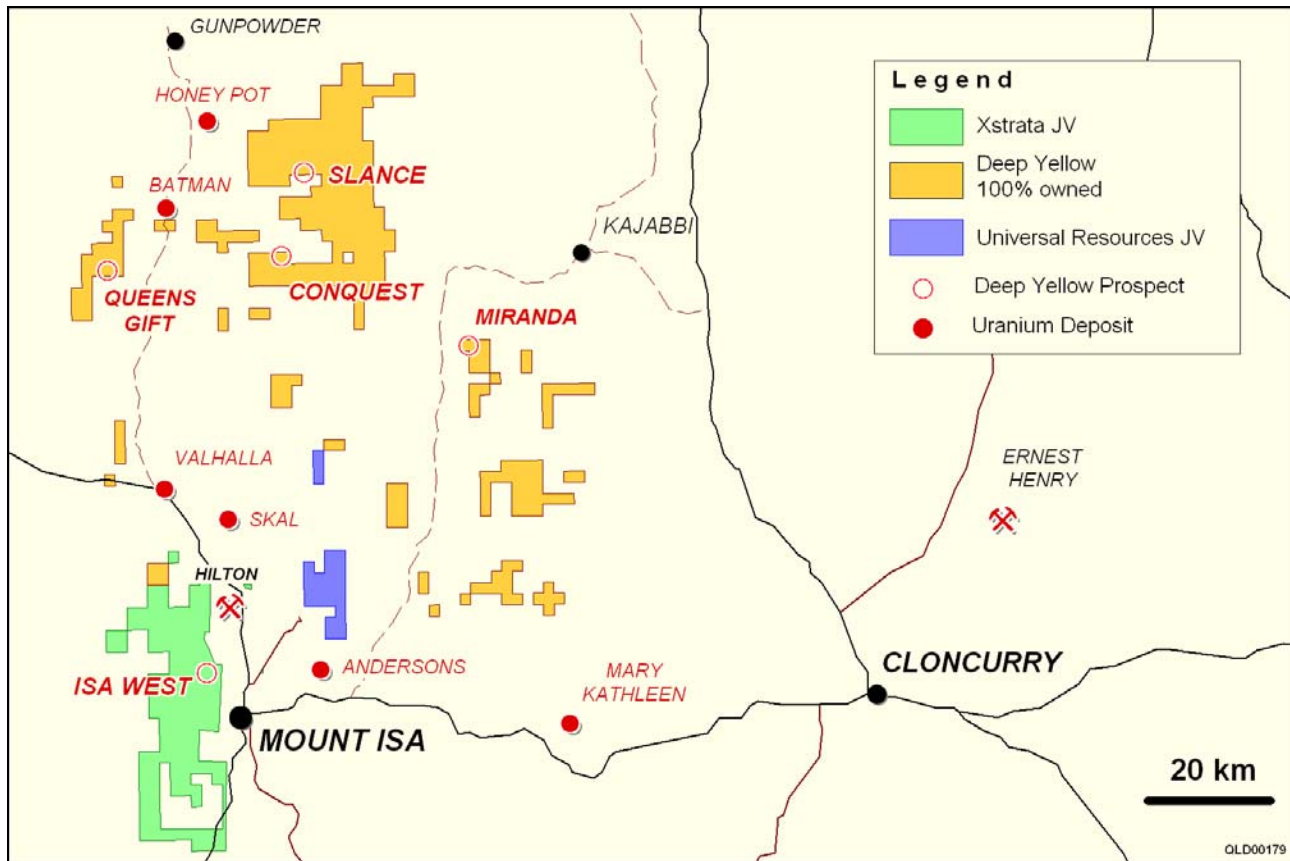


Figure 2: DYL Mt Isa Projects

#3 EXPLORATION

Exploration will continue on other existing prospects if it is complementary to an existing target outlined above or if exceptional results are returned from target testing in these programmes.

Exploration projects which do not meet criteria set by the Company for retention will be considered for joint venture or otherwise rationalised on a case by case basis.

MANAGEMENT FOCUS

The prioritisation of project development in Namibia with less emphasis on pure exploration requires a realignment of the senior management to accommodate the technical development and expansion of the Namibian team.

The Board has requested Dr Pretorius to focus his efforts on the Namibian project development which he has agreed to do. This will allow him the opportunity to concentrate his efforts on his role as Managing Director of the DYL subsidiary Reptile Uranium Namibia (Reptile). He and Reptile will be focused on the development of **INCA** and the other targets mentioned above, and on the important role of Reptile's integration with local communities and continuing development of the relationship with and involvement of the Namibian Government.

DYL will seek to appoint an Australian based Managing Director with relevant expertise and experience within six months. Dr Pretorius will step aside from his Board role, when this appointment is confirmed. Importantly Dr Pretorius will continue to provide overall technical expertise to DYL's Australian operations as well.

In his role as Managing Director of DYL Dr Pretorius has overseen the implementation of the strategy and success of the Company to date. The discovery of the **INCA** deposits and ability of Dr Pretorius to focus on their development allows the Board to be optimistic that this project has the potential to underpin the Company's goal of becoming a uranium producer.



Dr Leon Pretorius
Managing Director

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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.

The information in this report that relates mineral resource estimation for Tumas is based on work completed by Mr Jonathon Abbott who is a full time employee of Hellman and Schofield Pty Ltd and a member of the Australasian Institute of Mining and Metallurgy. Mr Abbott 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' and as a Qualified Person as defined in the AIM Rules. Mr Abbott consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Deep Yellow Limited is an Australian-based pure uranium exploration Company with extensive operations in the southern African nation of Namibia and in Australia.

The Company's principal development focus in Namibia is through its 100% owned subsidiary Reptile Uranium Namibia P/L at the mid to high grade INCA primary uraniumiferous magnetite project and the extensive secondary calccrete deposits contained in the Tumas-Oryx-Tubas palaeochannel and fluvialite sheet wash systems.

In Australia the Company is focused on resource delineation of high grade discoveries in the Mt Isa district - Queensland, these include the Queens Gift, Conquest and Slang Prospects and within the Isa West Project area, the Eldorado, Thanksgiving, Bambino and Turpentine Prospects.

A pipeline of other projects and discoveries in both countries are continually being examined and there is extensive exploration potential for new, additional uranium discoveries in both Namibia and Australia.