

DEEP YELLOW LTD

ABN 97 006 391 948

ANNUAL REPORT

Exploration Licences 9807 & 9809

MT LIEBIG PROJECT

14 October 2007 – 13 October 2008

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Distribution:

- Department of Regional Development, Primary Industry, Fisheries and Resources (1)
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1.0 SUMMARY

Exploration Licences 9807 and 9809 form the Mt Liebig project. The tenements lie within the Arunta Province and are situated approximately 250 km west northwest of Alice Springs (Figure 1). EL 9807 and 9809 were granted on 14 October 2004 to Tanami Exploration NL. Deep Yellow Ltd (DYL) subsequently acquired EL 9807 and EL 9809. This report describes exploration carried out during the reporting period ended 13 October 2008. Those activities involved a reconnaissance field trip and an airborne electromagnetic (AEM) survey which was flown over 1000 line km at 1.5km spacing.

The uranium targets for the project area are shallow, calcrete hosted and or roll-front uranium mineralisation. The Mt Liebig Project is a greenfields area, with no outcrops and no previous recorded exploration.

2.0 INTRODUCTION

EL 9807 and EL 9809 are located approximately 250 kilometres west northwest of Alice Springs in the Great Sandy Desert region of the Arunta Province and is covered by the 1:250 000 Mt Liebig SF52-16 Map Sheet. The basement rocks underlying the Mt Liebig Project are completely veneered by aeolian sand cover.

Access from Alice Springs is via the Tanami Road and Papunya access road, or alternatively by Larapinta/Namatjira Drive via Glen Helen.

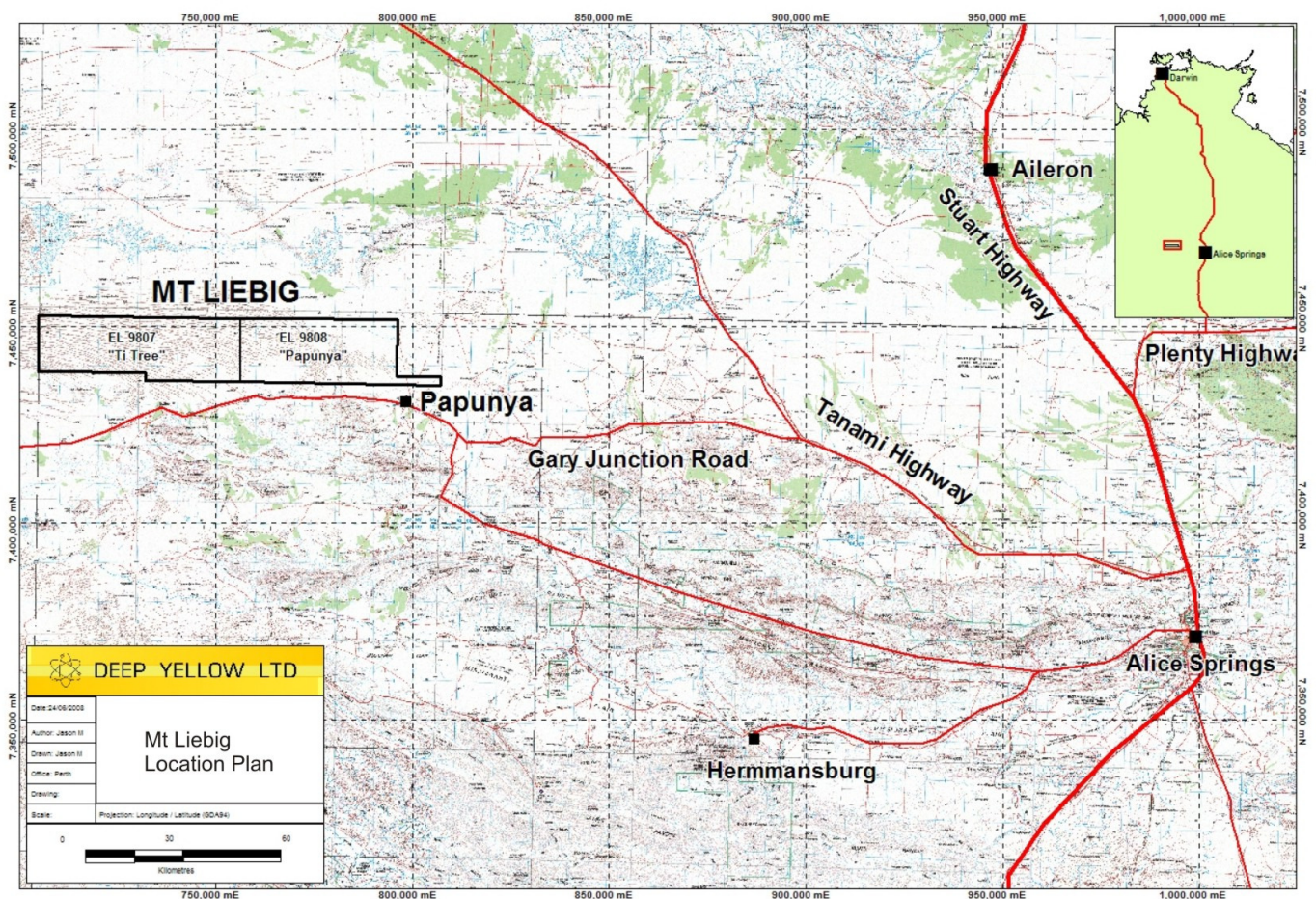


Figure 1 Tenement location plan

3.0 TENURE

EL 9807 and 9809 were granted to Tanami Exploration NL (TENL) on 14 October 2004. DYL acquired the tenements under the terms of an agreement with TENL dated 28 June 2005 and transfers were registered with effect from 5 December 2006. Tenement details are shown below.

Table 1: Tenement Details

Tenement	Tenement No	Blocks	Grant Date	Expiry Date
TiTree	EL 9807	254	14-Oct-04	13-Oct-10
Papunya	EL9809	228	14-Oct-04	13-Oct-10

The tenements lie within Haasts Bluff Aboriginal Land and were granted pursuant to the Mt Liebig Deed for Exploration between the Central Land Council (CLC) and TENL. Uranium exploration is not covered in the Mt Liebig Deed and a meeting was held with the Traditional Owners in November 2007 subsequent to lodgement of a proposal for uranium exploration. Following a positive response from the Traditional Owners, a Deed of Assignment is currently being prepared.

4.0 GEOLOGY

The Project Area overlies the Arunta Province, a mid Proterozoic metamorphosed sedimentary, volcanic and granitoid terrane, intruded by mafic complexes. Regional mapping by the NTGS subdivides the Warumpi Province into the southerly Haast Bluff Domain and the northerly Yaya Domain. Along its northern margin the Warumpi Province (Yaya Domain) lies in faulted contact with the Aileron Province. The terrane boundary is a thrust-contact which has been named the Central Australian Suture.

The above terrane boundary and another east-west structure, the Desert Bore Shear, lie within, or partly within, the AEM survey area. Metamorphic grade is unknown. The complete lack of outcrop means that existing NTGS geological mapping is necessarily based, largely or completely, on extrapolation and magnetic interpretation.

5.0 EXPLORATION – YEAR FOUR

Exploration carried out over the reporting period included a reconnaissance field trip and an AEM survey.

5.1 RECONIASSANCE FIELD TRIP

A reconnaissance field trip was conducted across the two tenements to evaluate drill access, geology, and potential drill water source. This was conducted in preparation for planned drilling in October/November 2008. The drilling has been deferred until the 2009 field season due to the CLC being unable to complete a Site Clearance Survey in 2008.

5.2 AIRBORNE ELECTROMAGNETIC (AEM) SURVEY

An AEM survey was flown by GPX Aeroscience Pty Ltd across both tenements, 1000 line km were flown at 1.5 km spacing. The data obtained from the AEM survey is currently being interpreted.

6.0 PROPOSED EXPLORATION – YEAR FIVE

DYL has assessed the area as having potential for calcrete-hosted uranium mineralisation occurring as a sinuous sheet like body at 5 to 20 metres below surface within palaeodrainages and/or roll front uranium mineralisation associated with deeper channel development. The proposed drilling programme will now be conducted at the start of the 2009 field season following completion of the Site Clearance Survey by the CLC. The programme will consist of four traverses (NW trending) across the tenements with initial 500m drill spacing as shown in figure two. A Mine Management Plan for the drill programme has been submitted and approved.

Table 2 - Proposed Budget - Year Five

Item	EL 9807	EL 9809
Aircore Drilling – 500 metres	7,500	7,500
Earthworks – drill sites	2,000	2,000
Assaying – 200 samples	3,000	3,000
Drafting and Computing	1,000	1,000
Salaries and Wages	5,000	5,000
Camp and Field Costs	1,000	1,000
Vehicles/Fuel	1,000	1,000
Travel/Accommodation	2,000	2,000
Administration/Overheads	3,500	3,500
Total	\$26,000	\$26,000

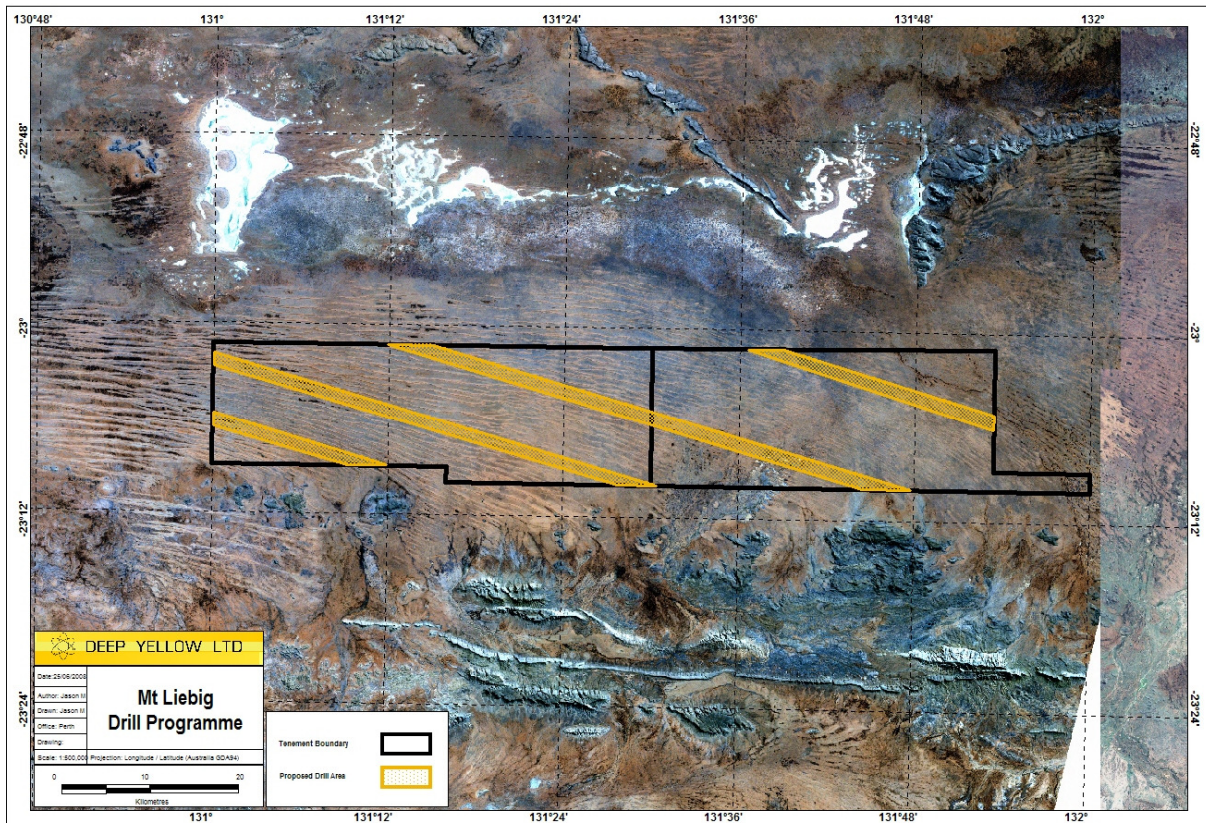


Figure 2 Mt Liebig Drill Programme