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Australian Stock Exchange
Companies Announcement Office
20 Bond Street
SYDNEY NSW 2000

Dear Sirs,

Madagascar Gold Projects Update

Kelimaizina

The Company has now completed three auger drill programmes centred on the former Kelimaizina laterite open cut. A total of 363 auger holes were drilled for 459 samples.

The auger drill results have defined a strong, coherent zone of surface gold mineralization. Using as a cut-off the 200 parts per billion contour, the mineralized zone extends for approximately 500 metres in a north south direction and varies to approximately 100 metres in an east west direction. This gold anomalous zone will become the target for a follow-up diamond drill programme in the coming "dry" season. The area is not accessible during the "wet" season.

Mineralisation appears to occur where there is a change in strike, from the regional northeast - southwest trend, to a north - south trend. This change in strike can be inferred to represent a dilational jog structure.

Artisinal workings occur over a strike length of approximately 650 metres. The largest individual pit has a strike length of approximately 300 metres. The artisinal miners excavate vertically down to the top of the water table (at approximately five to eight metres depth) and concentrate their mining efforts at this horizontal level. There may be a supergene enrichment process occurring whereby the gold has been leached downwards, from the surface, and is concentrated at the top of the water table.

The Kelimaizina Gold Project is located approximately 260 kilometers northwest from Antananarivo, the capital of Madagascar and consists of four mineral tenements totalling 262.50 square kms.

Antanimbary

This project acquired in November 2005 consists of 2 mineral tenements for a total area of 18.75 square kms. In June 2005 a rock chip sampling campaign (29 samples from the artisinal open cut) returned an average of 5.41 g/t Au and these results clearly demonstrated the presence of a gold mineralised system.

An auger soil sampling campaign conducted by the Company in November 2005 confirmed the presence of an auriferous shear zone which extends for at least 1,750 metres. The zone is open to the north and, to a lesser extent, open to the south. Initial panning has also shown the presence of gold in the shear zone.

The contoured gold values from the auger drilling samples suggest a structurally complex shear zone with weak gold anomalism along the entire length. This geochemical pattern is similar to those found in Western Australia and indicates that the same geological processes which operate in mineralised shear zones in Western Australia are also operating at Antanimbary.

The Antanimbary Project is not affected by the "wet" season and a 3 hole diamond drill programme centred on the main target zone will commence this week.

Additionally, further auger drilling is now in progress to test the areas to the northeast and southwest.

Yours faithfully,

D N ZUKERMAN
Director

Competent Person Declaration

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Malcolm Castle, who is a member of The Australasian Institute of Mining and Metallurgy. Malcolm Castle is not a full-time employee of the Company. He is employed by Agricola Consultants. Malcolm Castle 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 Resource and Ore Reserves". Malcolm Castle consents to the inclusion in the report of the matters based on his information in the form and context in which it appears".