

31 October 2014

**QUARTERLY ACTIVITIES REPORT
FOR THE PERIOD ENDING 30 SEPTEMBER 2014**

HIGHLIGHTS**Corporate**

- DYL's cash position strengthened due to a successful capital raising of \$4.5 million (before fees) via a non-renounceable rights issue and a placement to Sophisticated and Institutional Investors.
- DYL ended the quarter with cash resources of approximately \$5.3 million.
- Renewed investor interest in the uranium sector due to the Australian-Indian Civil Nuclear Cooperation Agreement and restart approval for two nuclear plants in Japan led to a small but steady improvement in the uranium spot price.

Omahola Project

- Further internal studies were conducted on the Project during the quarter following the encouraging results of the in-house Preliminary Economic Analysis completed in June. These studies had the objective of identifying a more optimal rate of future production and enhanced life of mine.

Exploration

- Mapping continued on selected targets identified in last year's target generation and prospectivity analysis study.

Tubas Sand Project

- The production of a sand concentrate for sale to an existing Namibian producer remains the preferred development strategy for this project in the short term, however this strategy remains conditional on securing an offtaker.
- DYL has to date been unable to secure an offtaker for the concentrate that could be produced by mining and physical beneficiation of the Tubas deposit and will thus proceed cautiously with future project expenditure.
- The option of incorporating the sand into DYL's flagship Omahola Project in the longer term remains.

Marenica Energy Limited *U-PGRADE*TM Testwork

- In the light of the inability to secure an offtaker for the planned Tubas Sand Project product no further work was warranted on the potential use of Marenica Energy Limited's ('Marenica') *U-pgrade*TM process to concentrate sand.
 - However discussions with Marenica on the possible application of its technology continued during the quarter following the encouraging results of earlier tests conducted on samples from the Company's palaeochannels.
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BUSINESS REVIEW

OMAHOLA PROJECT

Additional Studies

During the quarter further internal studies were conducted on the Project with the objective of identifying a more optimal rate of future production and enhanced life of mine. In the Preliminary Economic Analysis completed and announced in the previous quarter rates of production (in terms of uranium output) between 2.5 Mlbs/a U₃O₈ and 3.5 Mlbs/a U₃O₈ were modelled which would require between 7 ~ 10 Mtpa of ore to be mined and treated. These different production scenarios generated an estimated mine life of between 10 and 14 years. (See Figure 1 for a map of the Omahola Project's Resources.)

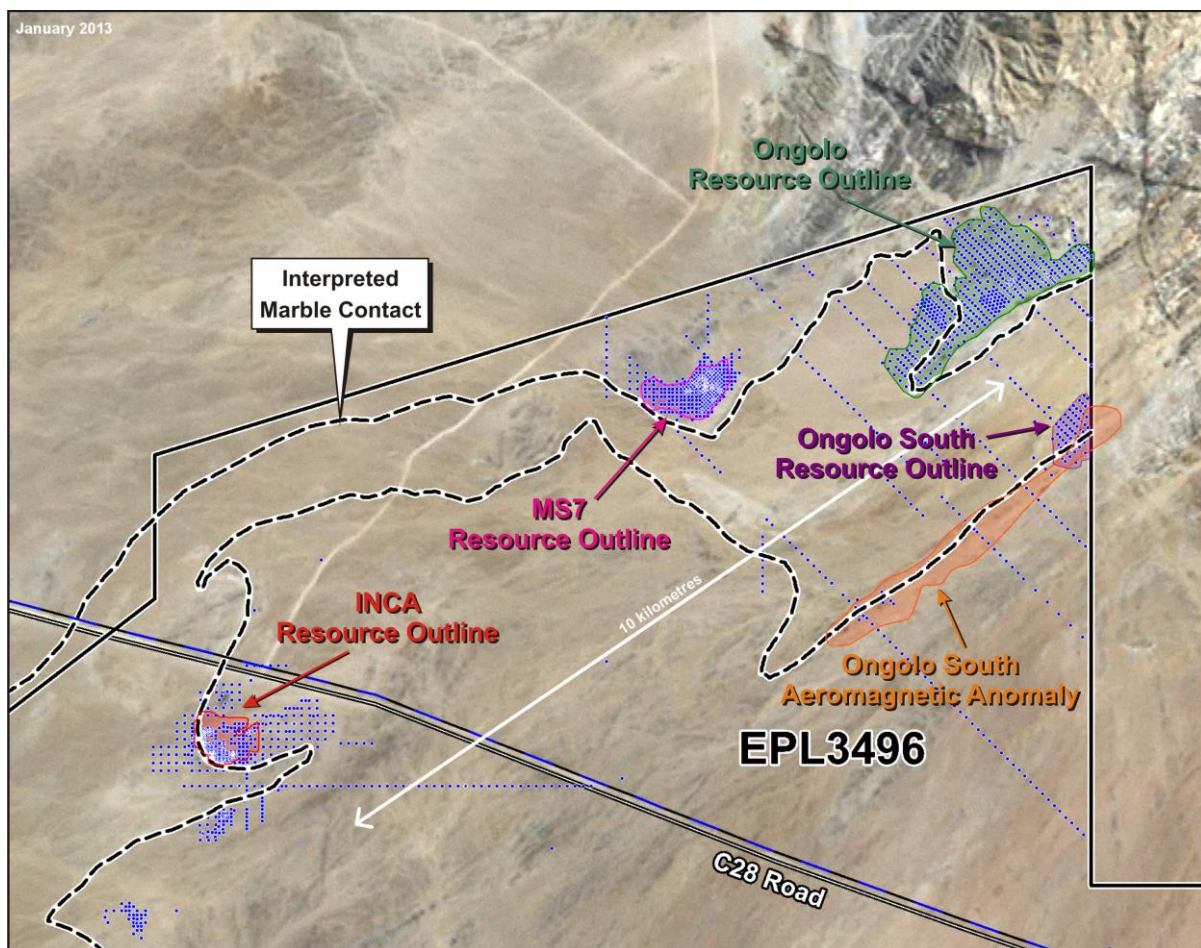


Figure 1: Locality Map Showing Omahola Project Resource Outlines

Acknowledging the importance of the MS7 deposit (being higher grade and open to depth) a review of the structural interpretation of the deposit has been completed. This was done to better understand the fundamental controls of the deposit's geometry. An improved understanding would enhance the chances of success of any future drill program at MS7 – either drilling to depth or for possible strike extensions. It may also improve the chances of success for discovering similar deposits. The review concluded that it is possible that the prime control on uranium distribution at MS7 may be NW-SE and near vertical pegmatitic leucogranite dykes which is contrary to the prevailing view that uranium is conformable with a major marble contact that is perpendicular to the leucogranite dykes.

This alternate view will be tested with detailed field work in the forthcoming quarter.



TUBAS SAND PROJECT

Offtake Discussions

DYL has engaged with all of the potential offtakers in Namibia for its planned higher grade sand concentrate that could be produced by mining and physical beneficiation of the Tubas Sand deposit. Whilst some interest remains the Company has been unable to secure a definitive agreement and will therefore in future proceed cautiously with further work on the Project. As described last quarter, this work would consist of an infill and extension drilling program as well as further metallurgical characterisation test work which will include mineralogy, solid/liquid separation, rheology and diagnostic leaching to provide sufficient data for design and value optimisation.

This work is valid for either development strategy available to the Project – as a provider of concentrate to a third party or as future supplemental feed to the Omahola Project.

EXPLORATION OVERVIEW

Target Generation – Geological Mapping, Surface Sampling and Ground Geophysical Surveys

In August 2013 Deep Yellow released the results of a prospectivity analysis conducted on its subsidiary Reptile Uranium Namibia's (RUN) EPLs in the highly prospective Erongo district of Namibia (See Figure 2). The analysis confirmed the prospectivity of the region and defined new exploration targets on a priority basis.

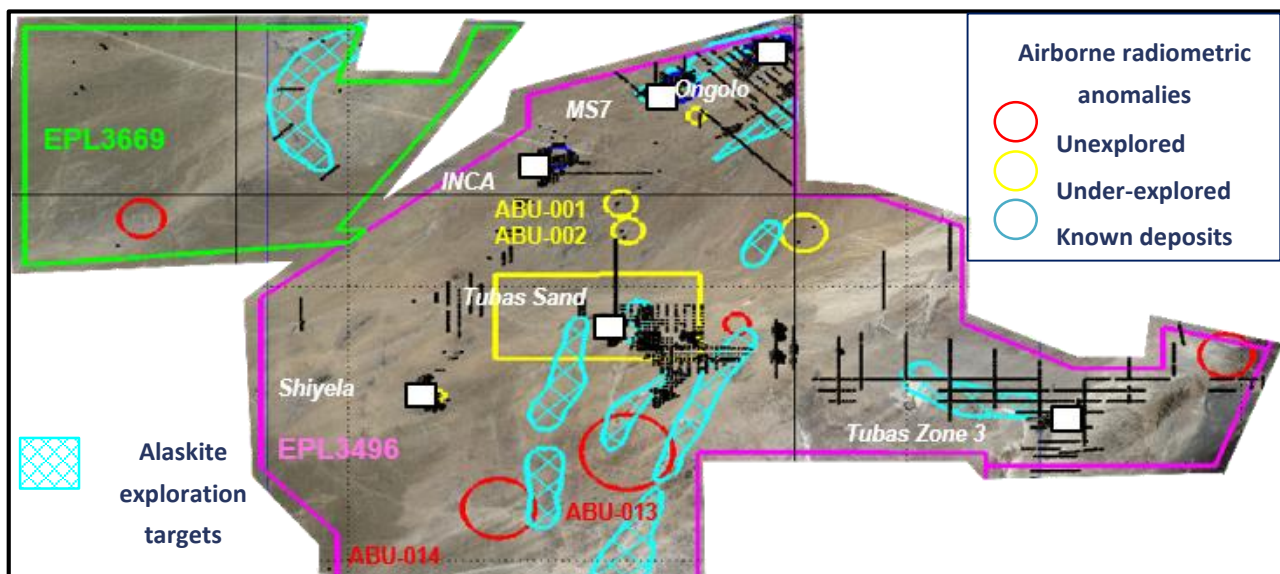


Figure 2: Map showing some of the targets on DYL's and Nova Energy's EPLs

Assessment of ABU 001 and ABU 002

As reported in DYL's previous quarterly it is believed that ABU 002 is the most drillable of all the alaskite regional targets assessed to date. Further analysis in the quarter showed that ABU 001 was similar to ABU 002 and is also a natural fit as it is also close to the adjacent planned Tubas Sand Zone E drill out. Accordingly a detailed mapping exercise will be conducted in the coming months prior to a final decision on a drill program. Figure 3 overleaf shows the location of the airborne anomalism and existing drilling in the sand and the location of two holes in the anomaly. Assuming that the detailed mapping exercise is a success a small RC drill program will be designed to test what is now a significantly enlarged concept.

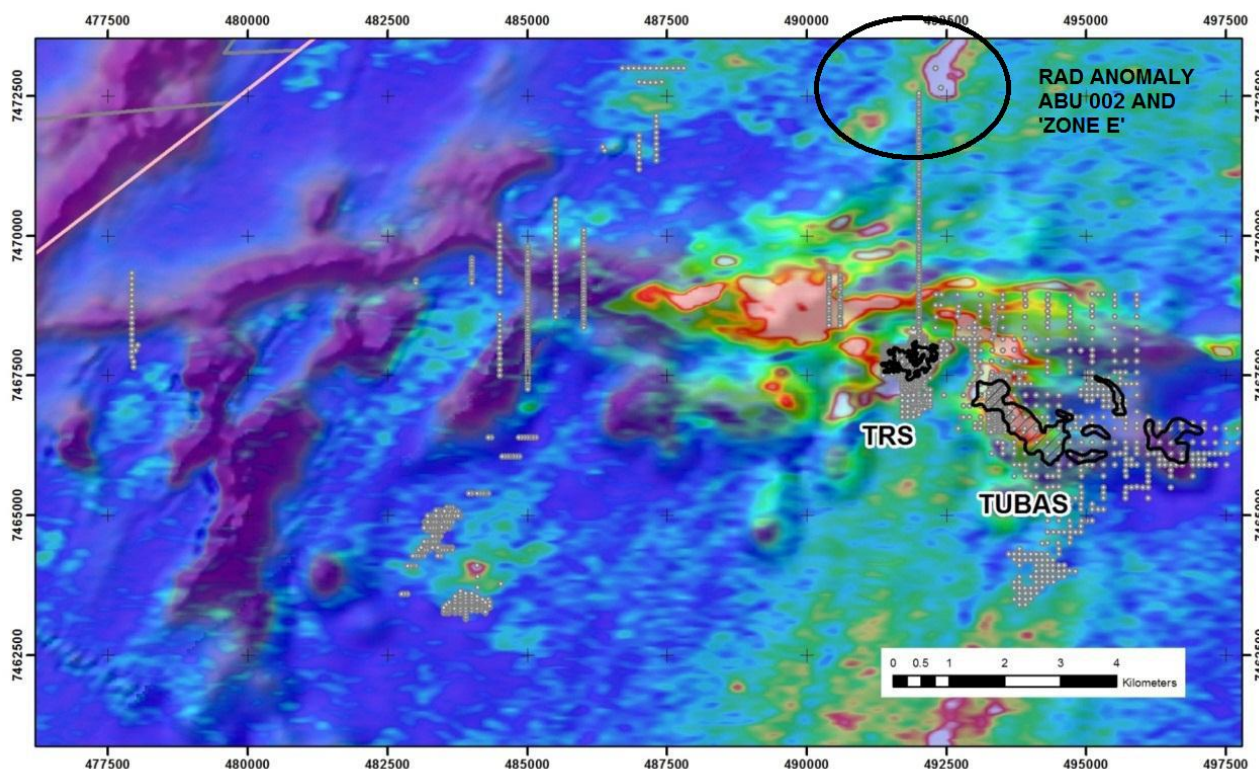


Figure 3. Radiometrics over AEM and existing drilling. Area of interest circled.

CORPORATE

DYL completed the Quarter with cash and liquid assets of \$5.3 million as at 30 September 2014.

During the quarter 2,910,980 performance rights were issued and 2,796,100 shares were issued in relation to vested performance rights.

The Company closed its Non-renounceable Rights Issue on Friday, 18 July 2014 with subscriptions for 89,013,543 ordinary shares at 1.7 cents per share, raising \$1,513,230. An additional \$3,050,382 (before fees) was raised during the quarter partially in satisfaction of the Non-renounceable Rights Issue shortfall and also in a placement made under the Company's 15% placement capacity. The Non-renounceable Rights Issue shortfall was for 113,118,169 shares at 1.7 cents per share for \$1,923,009 and the placement was for 66,316,059 shares also at 1.7 cents per share for \$1,127,373. Both tranches were settled and the resulting shares were issued on 27 August 2014.

For further information regarding this announcement, contact:

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Managing Director

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For further information on the Company and its projects - visit the website at www.deepyellow.com.au

About Deep Yellow Limited

Deep Yellow Limited is an ASX-listed, Namibian-focussed advanced stage uranium exploration company. It also has a listing on the Namibian Stock Exchange.

Deep Yellow's operations in Namibia are conducted by its 100% owned subsidiary Reptile Uranium Namibia (Pty) Ltd. Its flagship is the high grade alaskite Omahola Project where further studies are being conducted and the next phase of metallurgical testwork is being planned as inputs into a Pre-Feasibility Study. It is also evaluating fast track development options for its Tubas Sand Project utilising physical beneficiation techniques it successfully tested in 2011.



Competent Person's Statements

The information in this report that relates to Exploration Results is based on and fairly represents information and supporting documentation prepared or reviewed by Mr Geoffrey Gee, a Competent Person who is a Member of the Australasian Institute of Geoscientists. Mr Gee, who is employed as a contract Exploration Geologist with Deep Yellow, 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'. Mr Gee consents to the inclusion in the report of the matters based on the information in the form and context in which it appears

Forward-Looking Statements

Certain statements made in this announcement, including, without limitation, those concerning the preliminary economic analysis of the Omahola Project and the techno-economic assessment and risk analysis of the Tubas Sand Project, contain or comprise certain forward-looking statements regarding DYL's exploration operations, economic performance and financial condition. Although DYL believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in metals prices and exchange rates and business and operational risk management. DYL undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.

The Company notes that an inferred resource has a lower level of confidence than an indicated or measured resource. The Company believes that based on the geological nature of its deposit and the work done over several years by its geological team and its Competent Person that there is a high degree of probability that the inferred resources will upgrade to indicated resources with further exploration work.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

DEEP YELLOW LIMITED

ABN

97 006 391 948

Quarter ended ("current quarter")

30 SEPTEMBER 2014

Consolidated statement of cash flows

		Current quarter	Year to date (3 months)
		\$A'000	\$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(322)	(322)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(209)	(209)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	23	23
1.5	Interest and other costs of finance paid	-	-
1.6	Tax refund	-	-
1.7	Other	-	-
Net Operating Cash Flows		(508)	(508)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
	(d) environmental and other bonds	-	-
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	345	345
	(d) environmental and other bonds	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
Net investing cash flows		345	345
1.13	Total operating and investing cash flows (carried forward)	(163)	(163)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(188)	(188)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	4,538	4,538
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (Capital Raising Costs)	(229)	(229)
	Net financing cash flows	4,309	4,309
	Net increase (decrease) in cash held	4,121	4,121
1.20	Cash at beginning of quarter/year to date	1,236	1,236
1.21	Exchange rate adjustments to item 1.20	(62)	(62)
1.22	Cash at end of quarter	5,295	5,295

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2
1.24	Aggregate amount of loans to the parties included in item 1.10

1.25 Explanation necessary for an understanding of the transactions

The cash component of Non-executive Director fees and Executive Director's salaries were reduced by approximately A\$36,000 during the quarter in an effort to further preserve cash. The board has resolved to issue DYL shares in lieu, subject to shareholder approval.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NIL

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

NIL

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-
3.2	Credit standby arrangements	-

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	300
4.2 Development	-
4.3 Production	-
4.4 Administration	200
Total	500

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	4,795	736
5.2 Deposits at call	500	500
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	5,295	1,236

Changes in interests in mining tenements – Refer to Annexure 1 of the Quarterly Activity Report for a list of all mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	EPM14281	Partial relinquishment	37 blocks	22 blocks
6.2 Interests in mining tenements acquired or increased	-	-	-	-

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference ⁺securities <i>(description)</i>	-	-	-	-
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy- backs, redemptions	-	-	-	-
7.3	⁺Ordinary securities	1,891,196,227	1,891,196,227	-	-
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy- backs	268,447,780 5,707,080	268,447,780 5,707,080	1.7 *	1.7 *
7.5	⁺Convertible debt securities <i>(description)</i>	-	-	-	-
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7	Options <i>(description and conversion factor)</i>	<i>Unlisted options</i>		<i>Exercise Price</i>	<i>Expiry Date</i>
		-	-	-	-
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
		-	-	-	-
		-	-	-	-
		-	-	-	-
7.11	Cancelled during quarter	-	-	-	-

*Shares issued in relation to vested performance rights

Appendix 5B
Mining exploration entity quarterly report

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.12 Performance Rights	<i>Unlisted rights</i>			<i>Vesting dates</i>
	3,450,000	-	-	01/12/2014
	500,000	-	-	01/02/2015
	2,549,020	-	-	01/07/2015
	5,250,000	-	-	01/12/2015
	1,500,000	-	-	01/02/2016
	3,027,000	-	-	01/07/2016
	3,000,000	-	-	01/12/2016
7.13 Granted during quarter				
7.14 Vested during quarter	2,910,980 2,796,100	-	-	01/07/2014 12/09/2014
7.15 Lapsed during quarter	-	-	-	-
7.16 Cancelled during quarter	-	-	-	-
7.17 Debentures (totals only)	-	-		
7.18 Unsecured notes (totals only)	-	-		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.



Sign here:
(~~Director~~/Company secretary)

Date: 31 October 2014

Print name: Mark Pitts

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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