

30 January 2015

**QUARTERLY ACTIVITIES REPORT
FOR THE PERIOD ENDING 31 DECEMBER 2014**

HIGHLIGHTS

Corporate

- DYL remains in a sound financial position with a cash balance at the end of the quarter of just under \$5 million.
- Restart approval was received for another two Japanese nuclear reactors bringing the total to four, adding to the improving overall market sentiment.
- Term contracting in the uranium market increased significantly in 2014 underpinning the increase in the spot price in the second half of 2014, providing some encouragement for further strengthening in 2015.

Omahola Project

- Studies continued during the quarter on Omahola, focussing on the assessment of a smaller (lower capex) heap leach development option.
- Perth based consultants Oreology were engaged to conduct more detailed pit optimisation and mine scheduling exercises.
- The Johannesburg office of DRA International provided input into high level capital and operating cost assumptions used in the Oreology work.

Exploration

- Detailed ground radiometric surveys were carried out on the MS7 deposit as well as two high priority targets, ABU-001 and ABU-002.
- The surveys were followed up at the ABU-001 target with a 5 hole reconnaissance drill program, however no significant mineralisation was intersected.

Palaeochannel Deposits and Marenica Energy Limited *U-pgrade*TM Technology

- A drill program focussed on the Tumas Zone 1 Palaeochannel located on EPL3497, with the objective of enhancing geological and resource understanding in advance of any further resource or beneficiation testwork, was successfully completed.
 - The program was conducted due to the encouraging initial results on ore characterisation work conducted by Marenica Energy Limited ('MEY') on samples from this deposit.
 - The ore characterisation indicated that the deposit could potentially be upgraded via physical beneficiation using MEY's *U-pgrade*TM process.
 - More comprehensive testwork will be considered if the drill program improves DYL's confidence in the continuity of the palaeochannel resource and enhances the probability of resource expansion.
 - Samples are currently undergoing assay at an external laboratory and results will be released as soon as they are received and validated.
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BUSINESS REVIEW

OMAHOLA PROJECT

External Pit Optimisation Studies

Due to the encouraging results obtained from recent internal studies that resulted in the completion of a Preliminary Economic Analysis for the Project it was decided to engage Perth based mining consultants Orelogy to conduct more detailed pit optimisation and mine scheduling exercises. (See Figure 1 for the location of the Omahola Project's Resources.) DRA International provided input into the capital and operating cost assumptions used by Orelogy and the work was nearing completion at the end of the quarter.

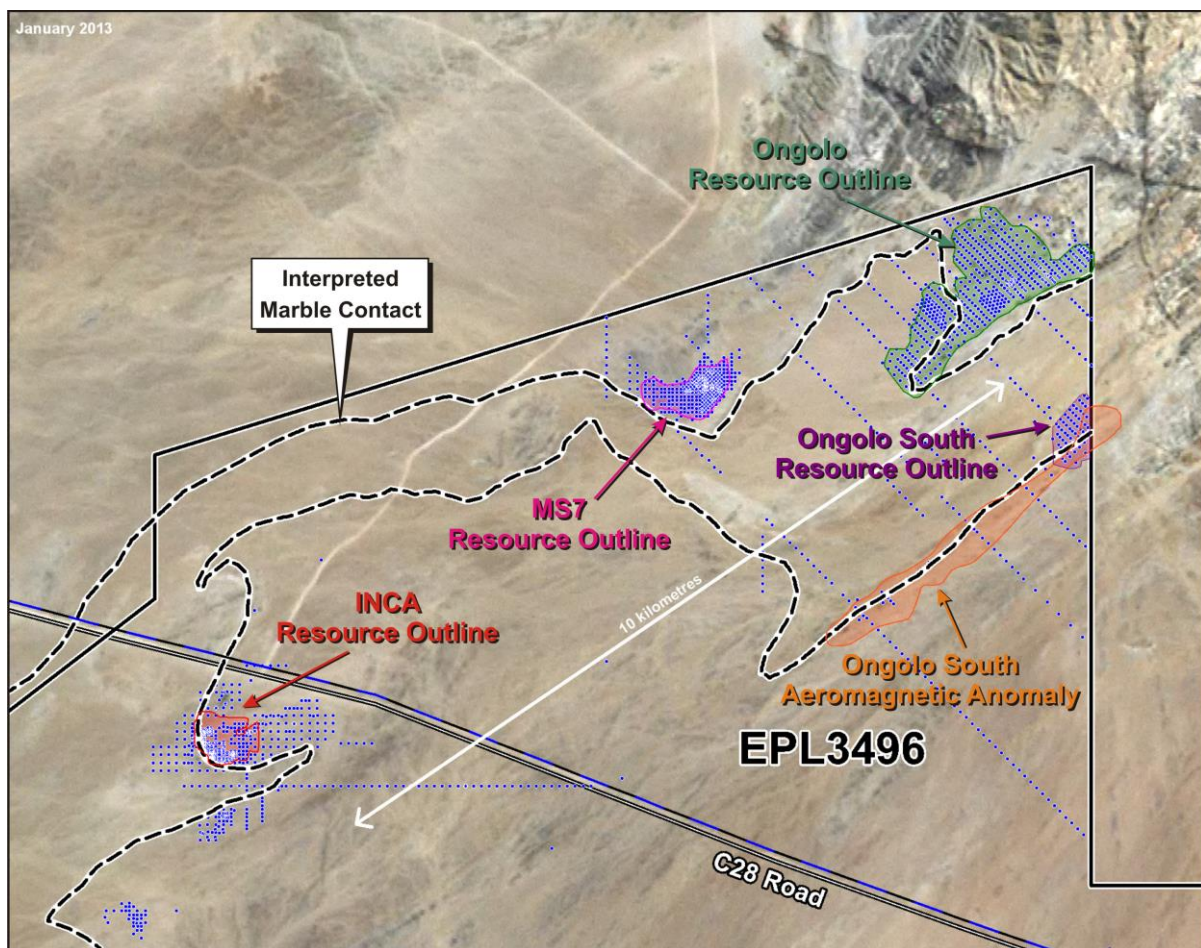


Figure 1: Locality Map Showing Omahola Project Resource Outlines

EXPLORATION

Ground Radiometric Surveys at MS7, ABU-001 and ABU-002

MS7 Assessment

The outcrop of the MS7 deposit is visible in airborne radiometric images based on 100m spaced flight lines which reveal little of the structure of the uranium mineralisation. In order to develop a better understanding of the geology of MS7 (as a guide to improved targeting in the surrounding area) it was decided to carry out a ground radiometric survey with both north-south and east-west lines at 25m spacing and 5m spaced readings. This approach improved the definition of the outcrop of radioactive rock and could also assist to identify areas for channel sampling (see Figures 2, 3 and 4).



The contoured data reveal a strong NW-SE elongation to anomalies. Many anomalies are associated with float of black-quartz and pink feldspar, derived from pegmatite. This supports the idea that pegmatite dykes control the disposition of ore rather than the main marble contact.

Another important observation is that the MS7 mineralisation has a relatively small radiometric response. This is an important realisation and relevant to exploration elsewhere.

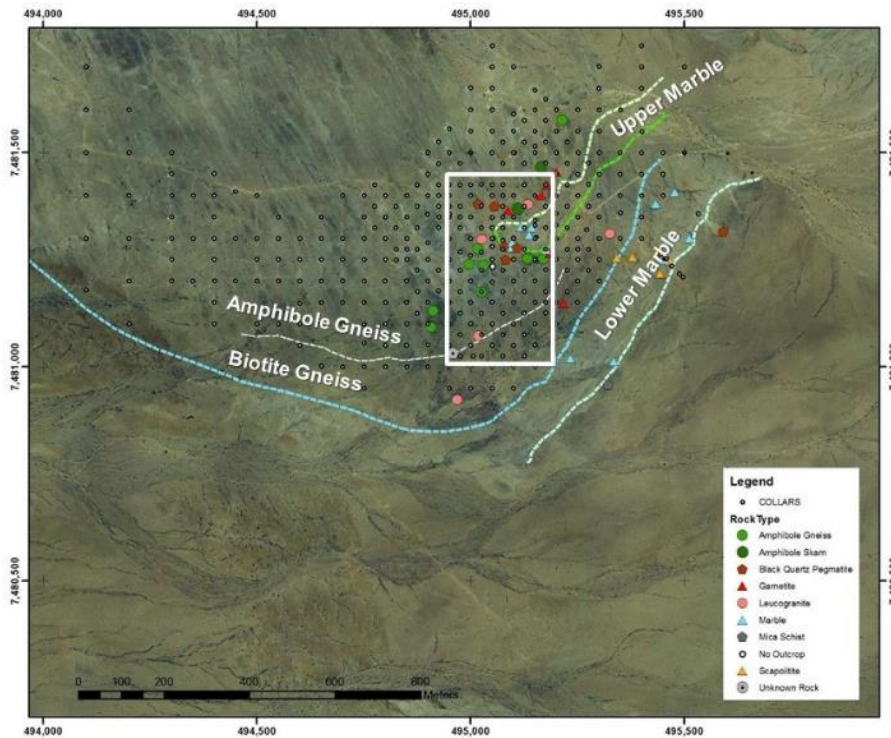


Figure 2: Main geological contacts at MS7 superimposed on LIDAR imagery. White box shows area of detailed radiometric survey.

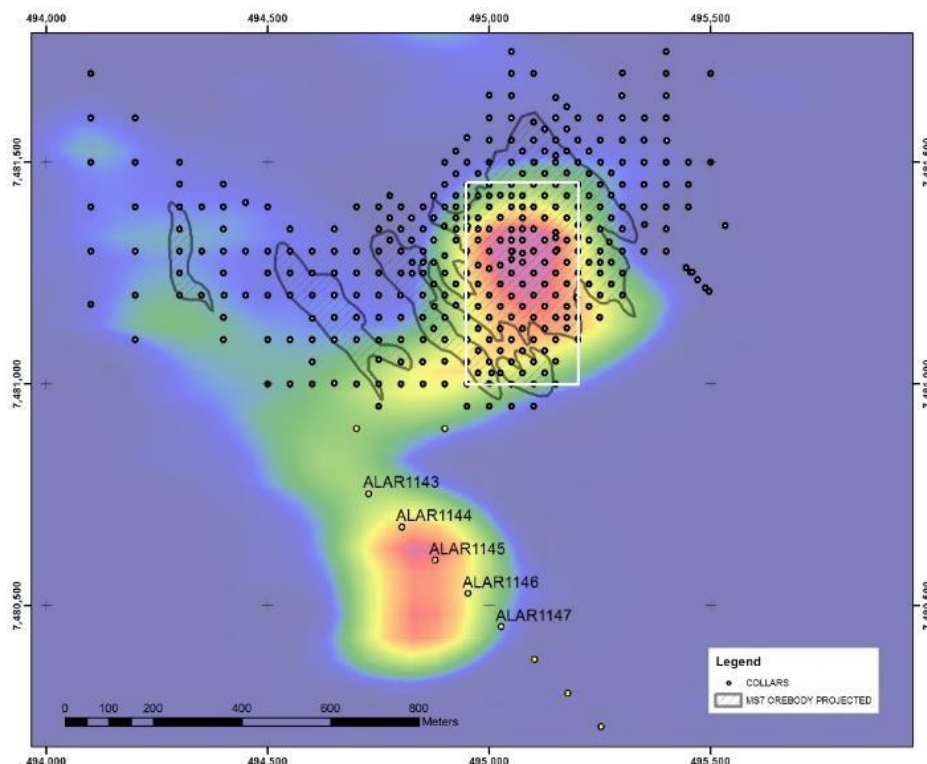


Figure 3: Airborne radiometric image of the same area – cross-hatched area is a simulated projection of the mineralisation to surface.

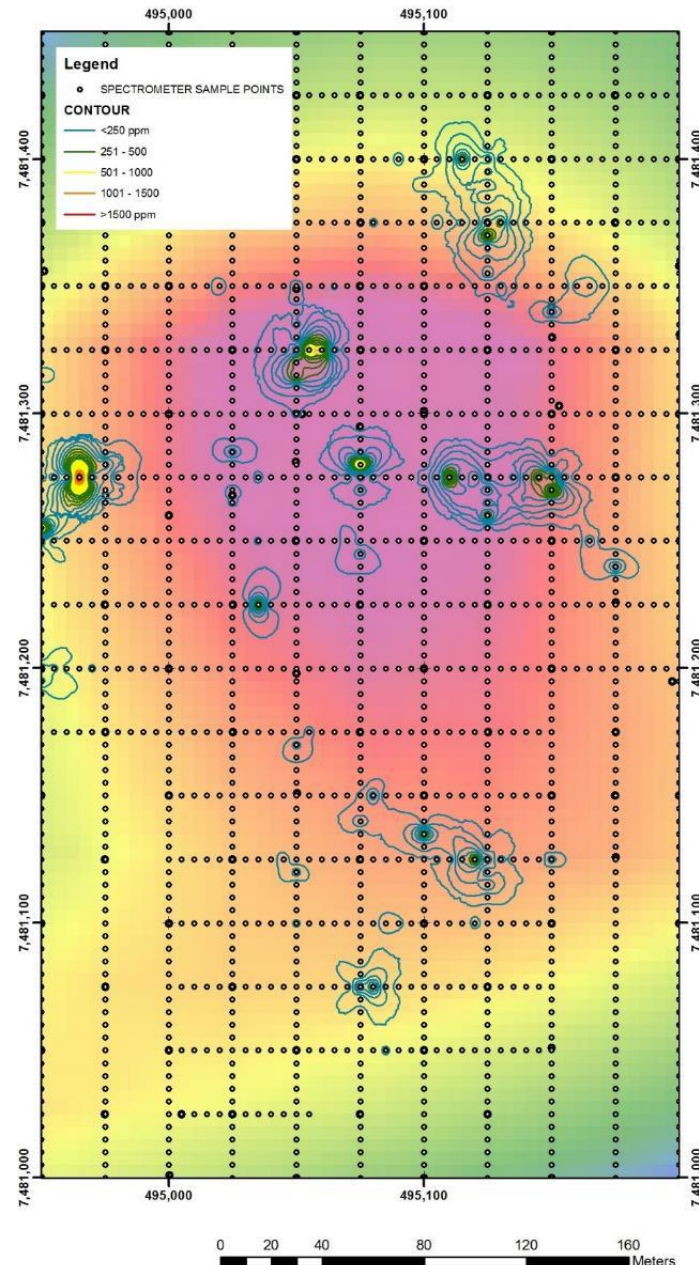


Figure 4: Ground radiometric uranium image of MS7 – base contour is 50 ppm U₃O₈.

Assessment of ABU 001 and ABU 002 - Radiometrics

Previously, DYL's Namibian subsidiary Reptile Uranium Namibia ("RUN") completed five reconnaissance drill holes in the area targeting the airborne radiometric anomalies visible in Figure 5. Three holes obtained encouraging results in shallow intersections however these were not followed up at the time due to the prioritisation of Omahola resource drilling.

A ground radiometric survey was carried out to better define the extent of radioactive rocks and to guide geological investigations. Methodology was similar to the MS7 survey except line spacing was 100m and measurements were made every 10m. In addition, the RC chips for three of the old drill holes were examined.

An image of the ground uranium channel data is shown as Figure 6 in which it can be seen that the airborne anomalies ABU-001 and ABU-002 are resolved into a number of discrete anomalies. The ABU-001 anomaly is the more consistent being recognised on 6 adjacent lines, for a strike extent of 600m whilst several discrete anomalies occur to the north. The ABU-002 anomaly resolves into numerous smaller anomalies.



The significance of these anomalies can be judged by comparison to the MS7 dataset, shown at the same scale in Figure 6, where the MS7 anomaly resolved into much smaller anomalies occupying less than 300m of strike.

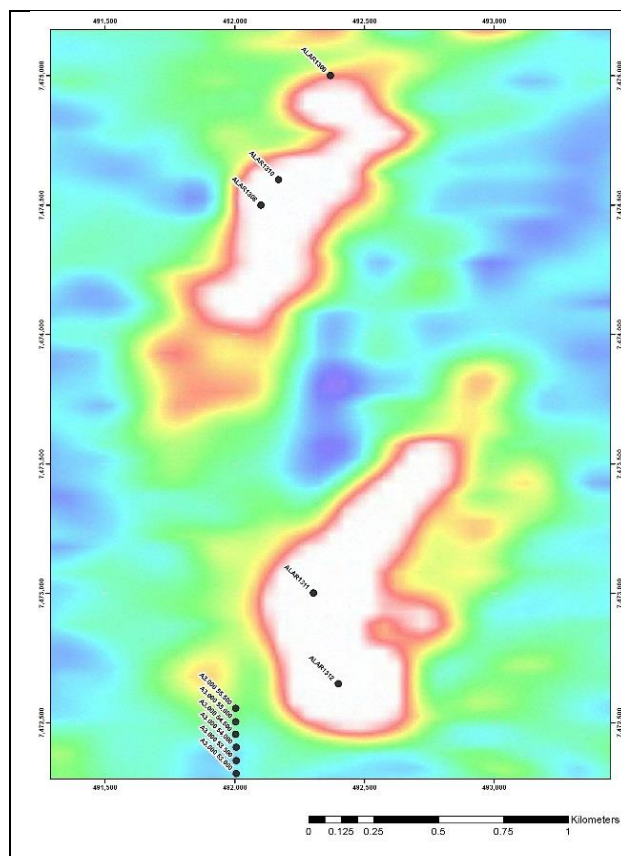


Figure 5: Airborne radiometric anomalies ABU-001(top) and ABU-002 (bottom).

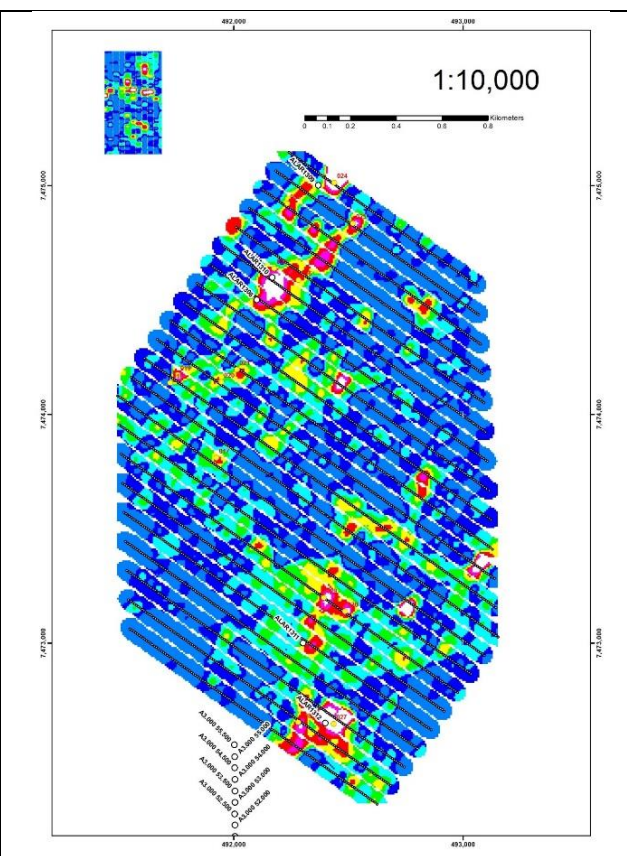


Figure 61: Image of uranium channel data for ABU-001 and 002 showing old drill holes, same area as that shown in figure 5. MS7 survey shown top left at the same scale.

These results are believed to indicate a reasonable probability of alaskitic mineralisation potentially comparable to MS7 and although there was no evidence of a tenor of grade as at MS7, it was decided to proceed with a small reconnaissance drill program.

Assessment of ABU-001 and ABU-002 - Drilling

ABU-001 was the first target to be drill tested and a 5 hole reconnaissance program was designed and completed in December just prior to the shutdown for the festive season, however no significant mineralisation was intersected (See Figure 7 overleaf).

Tumas Palaeochannel Drilling

DYL has previously announced encouraging initial results on mineral processing characterisation work conducted by Marenica Energy Limited ("MEY") on samples from RUN's palaeochannel and sand deposits. The results indicated that, in particular, the palaeochannel resources could potentially be upgraded via physical beneficiation using MEY's U-pgrade™ technology. If successful (bearing in mind that a substantial amount of testwork will be required to prove the process) it could lead to the development of an operation adopting the same strategy as that pursued for the Tubas Sand Project – i.e. producing a high grade, clean concentrate for sale to an existing Namibian uranium producer.

However prior to committing to a comprehensive testwork program greater confidence in the potential of RUN's palaeochannel resources is required. The first step was a closely-spaced drill program within the Tumas Zone 1 area (which at 12.5m centres is similar to what would be used in an initial grade control program and included down hole density estimation) designed and completed in December 2015 to



enhance geological and resource understanding (Figure 8). Once all results have been received and evaluated it is expected that DYL would be able to make a more reliable exploration target estimate for the larger palaeochannels area and (assuming success) proceed with a more extensive drill program.

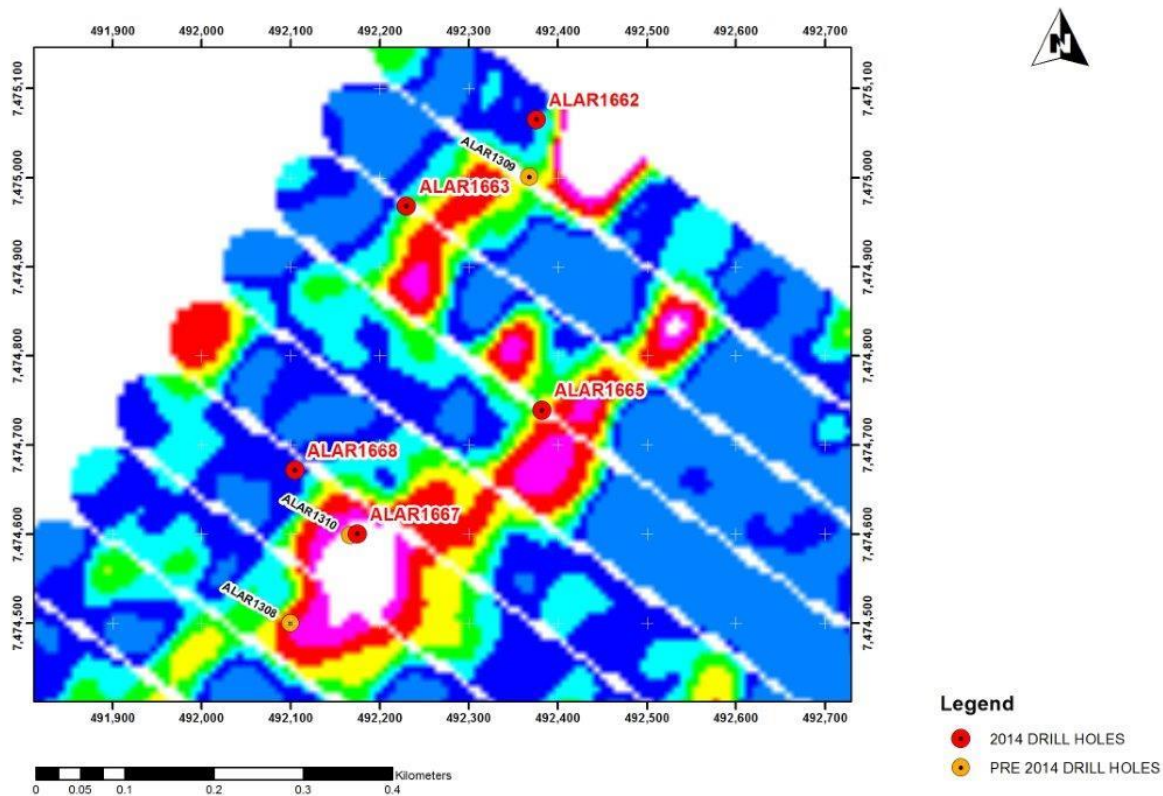


Figure 7: Location of drill holes at ABU-001 and ABU-002

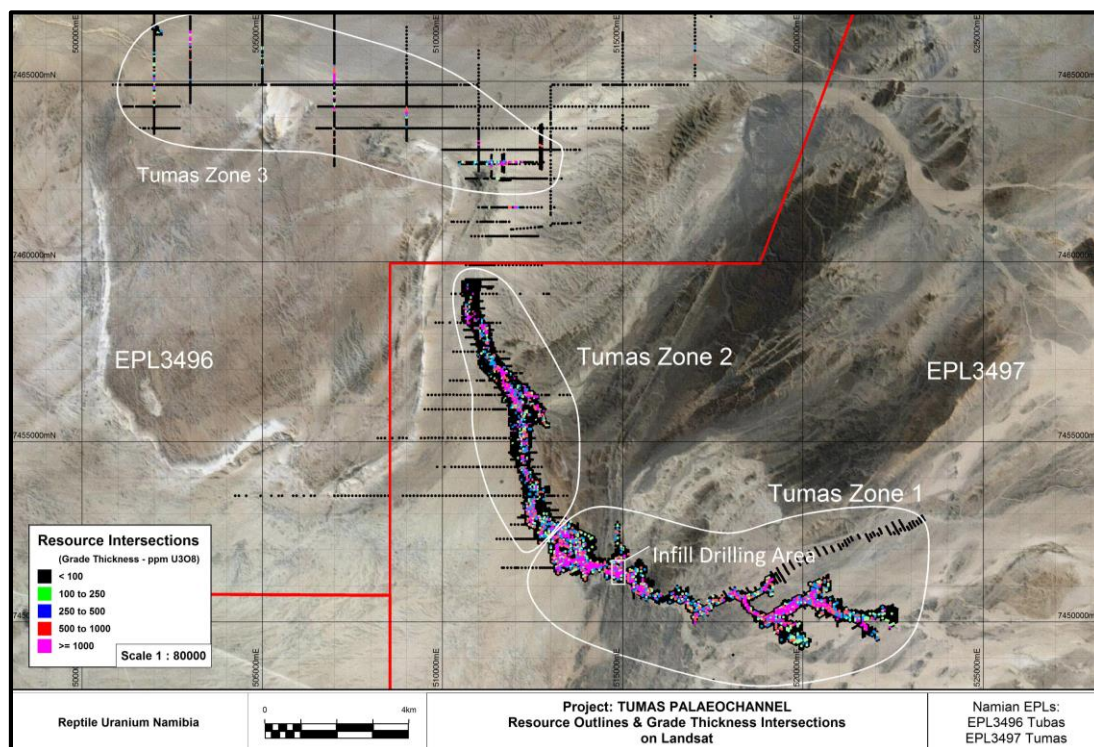


Figure 8: The Tumas Palaeochannel on EPLs 3497 and 3496



CORPORATE

DYL completed the Quarter in a sound financial position with cash and liquid assets of just under \$5 million as at 31 December 2014.

During the quarter 21,300,000 performance rights were issued and 8,165,068 shares were issued in relation to vested performance rights and shareholder approved payments in lieu of salaries and director fees. 2,200,000 unexercised performance rights were cancelled as vesting and performance conditions were not met.

For further information regarding this announcement, contact:

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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 higher grade alaskite Omahola Project on which studies are being conducted to supplement the recently completed preliminary economic analysis and the scoping phase of metallurgical testwork is being planned.

The Company is also evaluating fast track development options for its surficial calcrete deposits which are amenable to various physical beneficiation upgrading techniques that have been successfully tested over the last four years.

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.

Annexure 1

Schedule of Mineral Tenure – December 2014

NAMIBIA

Number	Name	Interest	Expiry Date	JV Parties	Approx. Area (km ²)
EPL 3496	Tubas	100%	05.06.2015	-	709
EPL 3497	Tumas	100%	05.06.2015	-	637
EPL 3498	Aussinanis	85%	07.05.2014	5% Epangelo #2	253
EPL 3499	Ripnes	85%	05.06.2015		522
EPL 3668	Gawib West	65%	20.11.2015	25% Nova (Africa) #4 10% Sixzone #5	185
EPL 3669	Tumas North	65%	20.11.2015		163
EPL 3670	Chungochoab	65%	20.11.2015		640
ML 173 #1	Tubas Sand	95%	Application	5% Oponona #3	-
ML 174 #1	Inca	95%	Application		-
ML 176 #1	Shiyela	95%	05.12.2027		-

#1 Located entirely within EPL3496

#2 Epangelo Mining (Pty) Ltd

#3 Oponona Investments (Pty) Ltd

#4 Nova (Africa) (Pty) Ltd

#5 Sixzone Investments (Pty) Ltd

Sub-Total 3,109

NORTHERN TERRITORY

Number.	Name	Interest	Expiry Date	JV Parties	Approx. Area (km ²)
EL 24246	Napperby	100%	10.10.16	-	477
Sub-Total					477

QUEENSLAND

Number	Name	Interest	Expiry Date	JV Parties	Approx. Area (km ²)
EPM 14281	Yamamilla	100%	06.07.15	SML #1	70
EPM 14916	Ewen	100%	14.04.16	SML #1	115
EPM 15070	Prospector	100%	27.03.16	SML #1	77

#1 SML – Syndicated Metals Ltd has an 80% interest in the Other Mineral Rights

Sub-Total 262

DYL Total 3,848

AGREEMENTS

	Approx. Area (km ²)
ABM Resources NL - Northern Territory (100% uranium rights stay with DYL)	17,094
Sub-Total	17,094
Total Area	20,942

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")

31 DECEMBER 2014

Consolidated statement of cash flows

		Current quarter	Year to date
		\$A'000	(6 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(581)	(903)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(384)	(618)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	27	50
1.5	Interest and other costs of finance paid	-	-
1.6	Tax refund *	422	422
1.7	Other	-	-
Net Operating Cash Flows		(516)	(1,049)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(2)	(2)
	(d) environmental and other bonds	-	-
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	81	426
	(d) environmental and other bonds	6	6
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
Net investing cash flows		85	430
1.13	Total operating and investing cash flows (carried forward)	(431)	(619)

* Research and Development grant received

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(431)	(619)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	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)
	Net financing cash flows	-	4,309
	Net increase (decrease) in cash held	(431)	3,690
1.20	Cash at beginning of quarter/year to date	5,295	1,236
1.21	Exchange rate adjustments to item 1.20	114	52
1.22	Cash at end of quarter	4,978	4,978

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	188
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	400
4.2 Development	-
4.3 Production	-
4.4 Administration	200
Total	600

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	1,978	4,795
5.2 Deposits at call	3,000	500
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	4,978	5,295

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	-	-	-	-
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	1,899,361,295	1,899,361,295	-	-
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy- backs	8,165,068	8,165,068	*	*
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 lieu of director fees and in relation to vested performance rights.

+ See chapter 19 for defined terms.

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>
	500,000	-	-	01/02/2015
	6,809,020	-	-	01/07/2015
	5,250,000	-	-	01/12/2015
	1,500,000	-	-	01/02/2016
	8,704,500	-	-	01/07/2016
	3,000,000	-	-	01/12/2016
	11,362,500	-	-	01/07/2017
7.13 Granted during quarter	4,260,000	-	-	01/07/2015
	5,677,500	-	-	01/07/2016
	11,362,500	-	-	01/07/2017
7.14 Vested during quarter	1,250,000	-	-	04/12/2014
7.15 Lapsed during quarter	2,200,000	-	-	01/12/2014
7.16 Cancelled during quarter	-	-	-	-
7.17 Debentures (totals only)	-	-		
7.18 Unsecured notes (totals only)	-	-		

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: 30 January 2015

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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