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27 October 2006

QUARTERLY REPORT

FOR THE PERIOD ENDING 30 SEPTEMBER 2006

The September Quarter has seen a number of the Company's Projects in Australia advance significantly. In addition the Company's review of offshore opportunities has resulted in a move into Namibia, the World's fifth largest uranium producing nation.

HIGHLIGHTS

- **A merger to secure prospective uranium interests in Namibia which includes 1970's drilled resources totalling 18,000 tonnes* of U_3O_8.**
- **The Company will undertake a 1:5 non-renounceable entitlement issue at 12 cents a share to raise up to approximately $A15 million to underpin an aggressive 3 year exploration budget and programme in Australia and Namibia.**
- **All assay results from the 252 hole resource drilling programme at Napperby have been received and as reported previously these confirm the presence of higher grade channels within a regional mineralised channel over a 14 by 6 km zone.**
- **A JORC resource has been commissioned for the 1,000 by 600 m 'block' drilled out on 50 x 50 m centres at Napperby.**
- **Preliminary results from an airborne electromagnetic survey over the Western Gawler tenements has identified palaeochannels for follow-up drilling.**

With the uranium outlook continuing to strengthen, the Company's stated strategy of acquiring large tracts of highly prospective ground including identified resources with upside potential provides the Company with an excellent opportunity to establish itself as a key player in the emerging uranium industry. Diversity into Africa, particularly Namibia, which strongly supports growth of its uranium exploration and mining industry, and in which the Deep Yellow team has strong experience, will help consolidate the Company's objectives to lead in development of new uranium deposits close or adjacent to existent uranium mining infrastructure.

EXPLORATION ACTIVITIES

NAMIBIA

REPTILE PROJECT

As announced to the ASX (13 October 2006) Deep Yellow Ltd (DYL) has entered into an agreement with Raptor Partners Limited (RPL), a British Virgin Islands (BVI) registered company, and its shareholders, to effectively merge the uranium interests of DYL and RPL.

The merger will proceed by a two tranche acquisition process, under which DYL will pay cash of A$2.58 million and issue up to 174 million DYL shares, valuing the acquisition at approximately A$26 million. DYL will also raise additional funds via a 1:5 entitlement issue. Further details of the terms and conditions of the agreement and the proposed entitlement issue are given in the 13 October ASX release.

The merger will be achieved by DYL acquiring ultimate control of Reptile Investments Four (Pty) Limited (Reptile). Reptile is a Namibian registered company that holds three contiguous Exclusive Prospecting Licences (EPLs 3496, 3497 and 3499) and one EPL Application (EPL 3498). All three EPLs were granted on 6 June 2006 for three years and are valid for the Base and Rare Metals group and the Nuclear Fuel group of minerals, as defined by the Namibian Minerals Act 1992.

The merger gives DYL access to approximately 2,622 km^2 of ground that is highly prospective for uranium mineralisation similar in style of formation to that of Langer Heinrich (latest published JORC compliant contained U_3O_8 resources of 44,000t). The area covered by the Reptile Tenements was previously explored by major international companies such as Anglo American, Falconbridge, General Mining and Aquitaine who outlined extensive zones containing uranium mineralisation (see Figure 1).

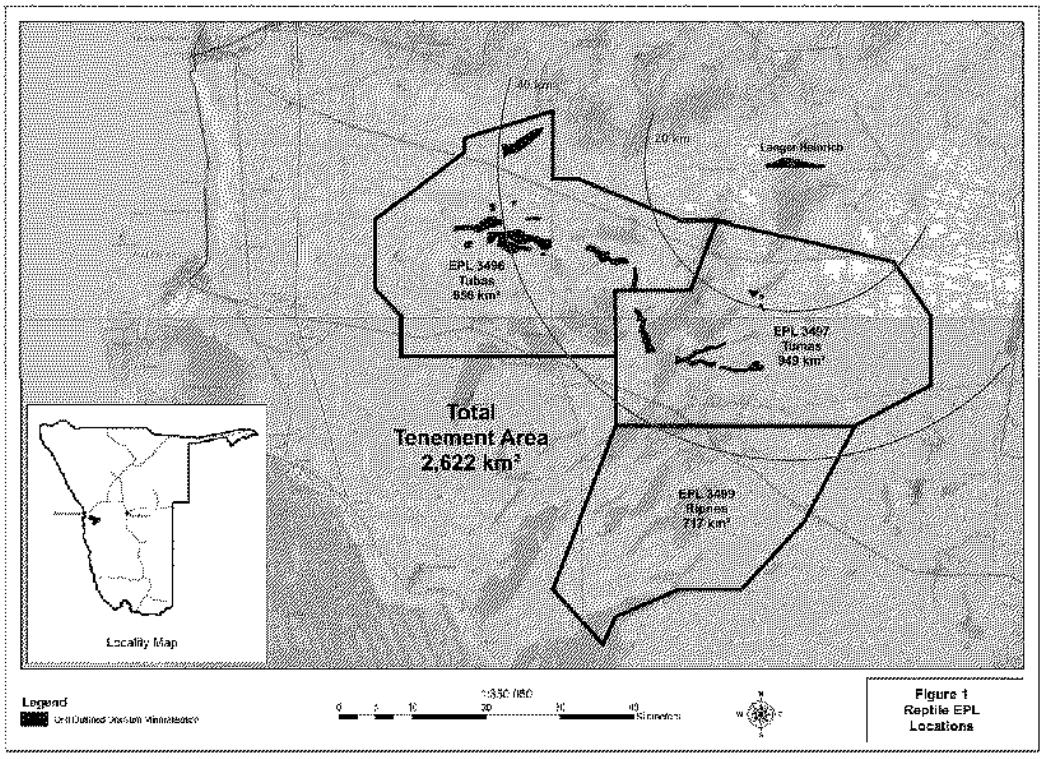


Figure 1 – Location of Tenements

Previous Exploration: During the mid-1970s to early 1980s the companies referred to above undertook evaluation of airborne radiometric anomalies with follow-up drilling leading to the discovery of uranium mineralisation within near surface zones as depicted in Figure 1. The mineralisation occurs in the form of carnotite ($K_2(UO_2)_2(VO_4)_2 3H_2O$) in valley-fill sediments similar to Paladin Resources Limited's Langer Heinrich uranium deposit to the east/northeast of the various project areas.

A total of approximately 37,500 m was drilled by the companies referred to above during a number of campaigns. Some of the assay and radiometric data is available and some remains to be found. Table 1 summarises open file company reports on then estimated contained uranium oxide (U_3O_8) mineralisation.

The resources quoted in Table 1 and total metreage drilled are based on data and reports obtained and prepared by the previous operators, as provided to the South African Nuclear Energy Corporation and the Namibian Ministry of Mines and Energy. DYL will complete the work necessary to independently verify the classification of the mineral resource estimates and is not treating the mineral resource estimates as JORC defined resources verified by a qualified person. The tenements will require considerable further exploration which DYL's management and consultants intend to carry out in due course. In the meantime, the information provided should be treated with the appropriate caution.

Table 1: Grade and Tonnage Estimates within Reptile Tenements *

Deposit	EPL	Tonnage	U_3O_8 in ppm	Tonne U_3O_8
TUBAS 433	3496	26,000,000	222	5,772
ORYX 430	3496/7	18,000,000	300	5,320
ORYX EXT 708	3496	2,900,000	250	725
TUMAS 738	3497	13,000,000	244	3,172
NAMIB PARK II 644	3497	8,600,000	352	3,027
TOTAL		**68,500,000**	**263**	**18,016**

Proposed Exploration Programme: DYL will continue to pursue the environmental clearances required from the Namibian authorities prior to commencement of a comprehensive exploration programme in relation to the granted Reptile Tenements. A Namibian based technical and administrative team will operate under the guidance of DYL's Executive Chairman Dr Leon Pretorius (who remains on the Board of Langer Heinrich Uranium (Pty) Limited) and will also include persons who were involved in the exploration and pre-development work at Langer Heinrich. Dr Pretorius is currently in Namibia assessing the logistical requirements including setting up an Exploration Office in Swakopmund.

From Figure 1 (20 and 40 km distance arcs indicated) it can be seen that the known areas of uranium mineralisation within the Reptile Tenements are within close proximity to the Langer Heinrich processing plant and infrastructure that will be invaluable should a commercial discovery be made.

*** Important Note**

All information regarding the tenements and resources contained in this activities report has been sourced from reports to the South African Nuclear Energy Corporation and the Namibian Ministry of Mines and Energy. As stated above all references to contained ore and tonnages were compiled before the adoption of the JORC Code and are hence not JORC compliant. There has been insufficient modern exploration to define the resources to JORC standard. The Directors believe however that the potential resources are of sufficient significance that they should be disclosed. Deep Yellow intends to carry out staged exploration over the tenements which may result in JORC compliant resources estimates in due course.

AUSTRALIAN PROJECTS

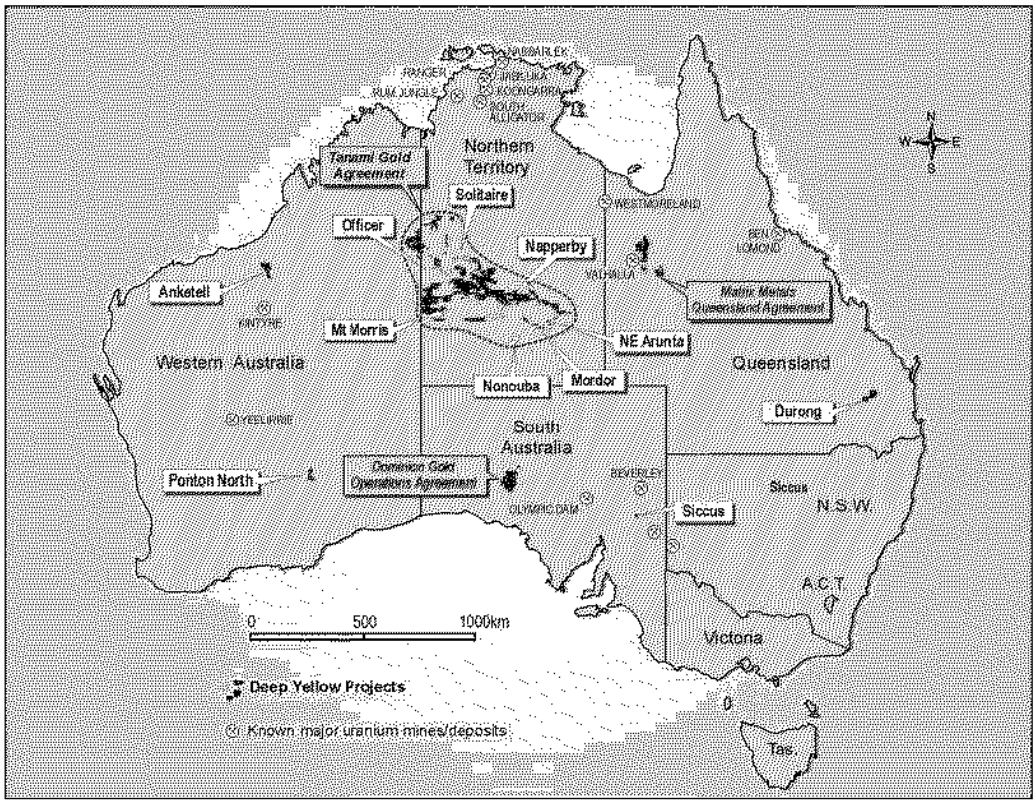


Figure 2 – Australian Projects and Tenements

NORTHERN TERRITORY

Napperby Project (100% DYL)

The detail drill programme was completed on 14 September with a total of 252 holes being drilled and 2,305 samples submitted for chemical analysis by powder XRF. A further 8 holes were drilled outside the detail area in order to verify results from earlier drilling programmes and 2 holes were drilled as twin holes to the 2006 programme. All assays from the programme have now been received.

A piling/auger rig drilling large diameter holes (60 cm) to 10 m depth was used for the programme. This drilling method gave 100% recoveries and good visual evaluation of the host lithologies and distribution of carnotite mineralisation.

The programme on 50 x 50 m centres over an area of 1000 x 600 m has clearly identified a semi-continuous sheet of mineralisation lying between 2 and 10 m depth (average thickness 3.25 m at 100 ppm U_3O_8 cut-off). The results from the drilling also clearly demonstrate the presence of high grade 'channels' within the sheet compared to the original resource drilling by Uranerz (1979) on 300 x 400 m centres for the same area drilled. Highlights from the drilling include:

- The highest grade assays received were 1 m at 5,120 ppm (0.51%) U_3O_8 from 5 to 6 m in hole 160, and 1 m at 4,320 ppm (0.43%) U_3O_8 from 4 to 5 m in hole 132.
- Best composite results of 4.5 m at 1,516 ppm (0.15%) U_3O_8 from 4 m in hole 160, and 4 m @ 1,121 ppm (0.11%) U_3O_8 from 3 m depth in hole 77.
- Numerous 1 m intersections have been returned with XRF chemical assay values of over 1,000 ppm (0.1%) U_3O_8.

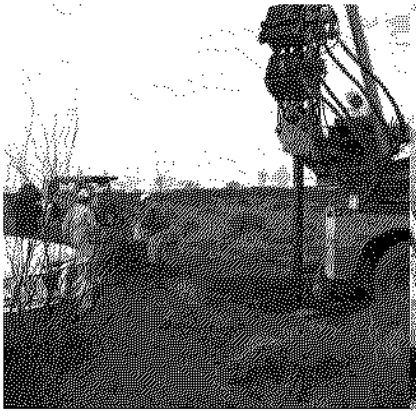
The 2006 assay results from the 1,000 x 600 m block clearly demonstrate continuity of mineralisation with enhanced (higher grade) intercepts compared to the Uranerz (1979) data from the same area.

The following table lists the 1m composite results for XRF chemical assays averaging over **500ppm U_3O_8 (at 100ppm cut-off)** with depth and intervals noted.

Hole	From (m)	To (m)	Interval (m)	U_3O_8 (ppm)	Hole	From (m)	To (m)	Interval (m)	U_3O_8 (ppm)
NP001	3	4	1	833	NP091	3	3.5	0.5	555
NP002	4	5.5	1.5	690	NP093	3	5.6	2.6	1,023
NP010	5	6	1	959	NP108	3	5	2	773
NP011	4	6	2	852	NP111	4	5	1	520
NP015	4	5	1	731	NP113	4	5	1	662
NP018	3.8	5.9	2.1	2,038	NP116	4	5	1	2,910
NP025	4	5	1	509	NP119	4	5	1	1,285
NP027	4	6	2	1,308	NP120	4	5	1	581
NP029	4	5	1	597	NP132	4	5	1	4,320
NP030	3	6	3	1,326	NP134	4	5	1	1,635
NP033	4	5	1	858	NP143	3	5	2	625
NP035	4	5	1	728	NP145	3	5	2	815
NP036	6	7.6	1.6	1,850	NP146	3	5	2	1,306
NP037	4	5	1	1,155	NP148	7	7.7	0.7	830
NP040	4	5	1	955	NP149	3	5	2	1,416
NP043	5	7.5	2.5	887	NP150	3	6	3	1,031
NP045	5	5.8	0.8	725	NP159	4	5	1	519
NP046	5	6	1	596	NP160	4	6	2	3,010
NP047	4	6	2	970	NP161	5	7	2	664
NP048	3	6	3	647	NP162	4	6	2	1,066
NP052	5	6	1	1,120	NP170	4	6	2	806
NP054	4	5	1	983	NP173	7	8	1	1,330
NP055	4	6	2	1,788	NP174	4	5	1	1,060
NP057	5	6	1	871	NP178	6	7	1	643
NP060	5	6	1	1,665	NP181	5	6	1	600
NP062	7	8.3	1.3	757	NP188	4	5	1	525
NP063	3	6.7	3.7	933	NP192	4	6	2	598
NP065	4	6	2	794	NP193	4	5	1	579
NP068	4	5	1	1,065	NP199	6	7	1	652
NP069	4	5	1	927	NP204	5	7	2	789
NP070	3	4	1	731	NP205	6	7	1	624
NP071	4	6	2	915	NP212	4	5	1	1,135
NP075	4	6.9	2.9	1,242	NP213	4	6	2	1,167
NP077	3	6.3	3.3	1,225	NP235	4	6	2	900
NP078	4	5	1	700	NP240	6	7	1	632
NP079	4	5	1	1,290	NP241	5	6	1	833
NP080	3	5	2	662	NP243	4	6	2	558
NP082	5	6	1	650	NP261	4	5	1	1,375
NP083	4	6	2	732	NP262	4	6	2	1,018

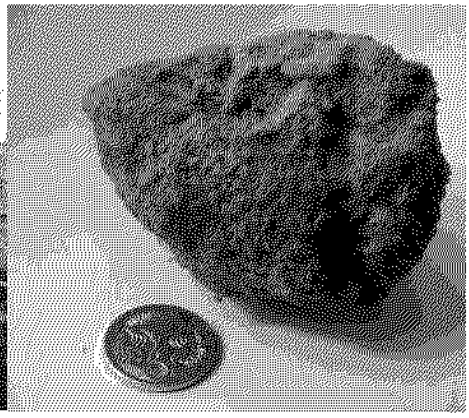
A full listing of all intersections at 100 ppm U_3O_8 cut-off can be found in Appendix 1.

The Company has engaged an independent consulting company, FinOre Mining Consultants to undertake a JORC compliant resource estimate for the 1000 x 600 m area tested by the detail drill programme.



Piling Rig at Napperby

Bulk sample from 60 cm diameter drill hole



High grade carnotite mineralisation in coarse sand - 5 m depth

NE Arunta Project (100% DYL)

Following Work Area Clearance for planned RC percussion drill programme on EL9890 – NE Arunta, the Company completed a 750 m 13 hole programme in mid-October. The drill targets comprised strongly developed and altered east-west fault/shear zones with associated regional uranium anomalism.

Assay results from the drill programme are not yet available, however scintillometer logging of the drill samples returned no significant radiometric anomalous zones.

Tanami-Arunta (100% DYL)

The Company has nine exploration licences covering 5,095 km^2 in the Tanami-Arunta Province. Eight of the applications fall within Aboriginal Land Trust areas managed by the Central Land Council (CLC). The Company has submitted, and had accepted by the CLC, Uranium Exploration and Mining Proposals for seven of these tenements. There will now follow a 12-18 month period of negotiating access through Deeds for Exploration with the Traditional Owners and the CLC.

The target mineralisation in the seven tenements is calcrete-hosted uranium mineralisation similar to the Napperby deposit.

The Mordor West tenement located 65 km northeast of Alice Springs is targeting intrusive related uranium mineralisation associated with the apatite bearing alkaline intrusive Mordor complex. At Nonouba, 60 km southwest of Alice Springs, the Company is targeting roll front style uranium mineralisation hosted by Tertiary sandstones.

Tanami-Arunta Province (100% uranium rights to Tanami Gold NL's tenements)

A review of the uranium potential of tenements held by Tanami Gold NL (TGNL) in the Province has highlighted several tenements for follow-up uranium exploration. All of TGNL's tenements in the Province are subject to 'gold only' exploration agreements with the Traditional Owners and the CLC. In order to access TGNL's tenements for uranium exploration the Company must first submit a Uranium Exploration and Mining Proposal to the Traditional Owners and the CLC.

The initial priority targets in the TGNL tenements are near surface calcrete hosted mineralisation and a Uranium Exploration and Mining Proposals have been submitted to the CLC for the Cornelius-Lake Ruth tenements which lie between the Company's Officer and Solitaire Project areas; for the Reynolds Range Project Area; and for several tenements in the Alice Springs district. As with the Company's 100% held areas, negotiated access is likely to take some time to achieve.

The Company will submit further Uranium Exploration and Mining Proposals on TGNL's tenements in the December Quarter.

QUEENSLAND

Deep Yellow/Matrix Metals NW Uranium Joint Venture (Earning 100% Queensland)

Lochness and Lochness North Prospects (EPM 14916) lie within the Western Succession of the Mt Isa Inlier, more specifically within the Leichard River Fault Trough, which also is the host unit for the Valhalla and Skal uranium deposits.

During the quarter further mapping of the Lochness and Lochness North prospects was carried out in order to identify the main uranium mineralised units comprising the airborne uranium radiometric anomaly at Lochness. The radiometric data clearly identifies the Lochness and Lochness North prospects as uranium highs lying on a regional 10 km strike anomalous zone.

At the Lochness Prospect the strong airborne radiometric anomaly was shown to devolve at prospect scale mapping into broad weakly radioactive, oxidised limonitic, fine grained mudstones, with several thinner (1–5 m) more radioactive, bedding sub-parallel to acutely cross-cutting and intensely limonitised gossanous rock which displayed a discernable sheared and sometimes laminated fabric. A maximum assay of 233 ppm U_3O_8 was returned from rock chip samples collected from this area.

Similar features, but over smaller stratigraphic width and strike, were displayed at the Lochness North Prospect located some 5.5 km north of the main Lochness Prospect. A series of drill traverses are planned to evaluate the two prospects.

EPM 14916 is covered by an Indigenous Land Use Agreement that is registered with the National Native Title Tribunal between Matrix Metals Ltd (Matrix) and the Kalkadoon People. DYL is a party to this agreement through the NW Joint Venture Agreement with Matrix.

With Matrix's assistance the Company applied for and received clearance from the Kalkadoon People to carry out RC percussion drilling, drill pad preparation and the upgrading of access tracks into the Project area.

Drill site preparation commenced on 25 October and the Company is hopeful that RC percussion drilling will commence in early November (pending confirmation that a drill rig is available). It is anticipated that approximately 2,000 m will be drilled in total (60° angle holes to 120 m depth).

The Company will also follow-up clearance and access for the Miranda Prospect (EPM 14281) with a view to completing a drill programme this field season.

SOUTH AUSTRALIA

Western Gawler Project (DYL can earn 100% of uranium rights)

The South Australian Geological Survey (SAGS) have advised that the bulk of Dominion Gold Operations Pty Ltd (Dominion) calcrete samples have been recovered from storage and sorted numerically. The Geological Survey have already submitted a total of 2,300 samples for multi-element ICP analysis which includes uranium. Results from this first batch of samples will be available at the end of November.

The Company has prioritised +8,000 samples for assay and SAGS have indicated that it might to possible to access these priority samples ahead of the routine assay of the +44,000 sample Dominion database. This process may take several months to complete and the Company has yet to confirm if the first batch of 2,300 samples assayed contains any of its priority samples.

Preliminary data from a 2,800 line km airborne electromagnetic survey (AEM) flown over interpreted palaeochannel positions within Dominion's tenements has been received. The Tempest AEM system flown by Fugro on 1 km spaced flight lines has successfully delineated a number of palaeochannels within the tenements as demonstrated by the response from the known Challenger (Mine) Palaeochannel (mine water supply).

Data from the Anthony Palaeochannel to the south of Challenger Mine outlines a 20 km long channel at depth flowing west into Lake Anthony. A consultant geophysicist will be engaged to interpret the data with a view to developing drill targets for the 2007 field season.

Siccus Joint Venture (DYL 90%)

The Company and its 10% Joint Venture partner Signature Resources NL (a wholly owned subsidiary of Strategic Minerals Corporation NL) is exploring for rollfront uranium deposits within the tenement which covers approximately 45 km of prospective channel sands (with three target zones for uranium rollfront mineralisation) and 10 km of potential shoestring sands which hold significant potential for Beverley- type mineralisation in the Namba Formation.

Previous exploration has been very limited; sufficient to delineate the basic geology but insufficient to test for the presence of buried uranium mineralisation; in particular two anomalous holes on the edge of the channel system were not adequately followed up. In addition the main channel, which drains uranium rich source rocks to the south, has only been tested by a single hole.

To better delineate palaeochannel development within the tenement and over the above mentioned 10 km of shoestring sands, a 730 line km AEM survey will be flown over the tenement area in November 2006.

The Joint Venture has also negotiated a Native Title Mining Agreement for exploration with the Adnyamanthanha No.1 Native Title Claim Group. Upon receipt of the AEM data DYL as manager of the joint venture will select target areas for drilling in 2007.

CORPORATE

Proposed Entitlement Issue

In order to comply with the requirements of the agreement with RPL, to replenish cash reserves following payment of the Tranche 1 cash consideration, and to secure funding for additional expenditure obligations in connection with the Reptile Tenements, the Directors have resolved to undertake a 1:5 non-renounceable entitlement issue at 12c per share, to raise up to approximately A$15 million.

As previously reported, DYL will spend approximately $3 million per year on its existing Australian tenements. Expenditure commitments on the newly acquired tenements amount to approximately an additional A$3 million per year.

Dr Leon Pretorius
Executive Chairman
Deep Yellow Limited

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 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.

APPENDIX 1 - Composite chemical assay values using a 100 ppm U_3O_8 cut-off

Hole	From (m)	To (m)	Interval (m)	U_3O_8 (ppm)
NP001	3	8	5	359
NP002	3	7.5	4.5	421
NP003	3	6	3	143
NP004	4	7	3	138
NP005	3	4.9	1.9	163
NP006	3	5	2	140
NP007	2	6	4	262
NP008	3	7	4	204
NP009	5	7.8	2.8	303
NP010	4	7.2	3.2	409
NP011	4	7.5	3.5	548
NP012	4	7.9	3.9	233
NP013	3	5	2	202
NP014	4.9	7.3	2.4	132
NP015	3	6	3	332
NP017	4	7	3	263
NP018	3	5.9	2.9	1,523
NP019	1	4	3	271
NP020	3	4	1	291
NP021	4	7.2	3.2	180
NP022	5	7	2	226
NP023	4	7.1	3.1	270
NP024	5	7.5	2.5	200
NP025	4	6.9	2.9	339
NP026	5	6.1	1.1	287
NP027	4	7	3	930
NP028	4	6	2	289
NP029	3	6	3	411
NP030	3	8.3	5.3	852
NP031	4	8.1	4.1	208
NP032	4	8	4	307
NP033	3	7.2	4.2	387
NP034	3	8.3	5.3	261
NP035	3	7.6	4.6	343
NP036	5	8.1	3.1	1,023
NP037	3	7.1	4.1	418
NP038	4	6	2	292
NP039	4	6	2	192
NP040	3	7.1	4.1	425
NP041	1	8	7	209
NP042	0	8.3	8.3	278
NP043	3	10	7	447
NP044	3	7.3	4.3	295
NP045	4	9.9	5.9	341
NP046	3	7.3	4.3	361
NP047	4	8.9	4.9	501
NP048	3	8.4	5.4	443
NP049	3	6	3	235
NP050	3	7	4	296
NP051	4	7	3	189
NP052	4	6	2	808
NP053	2	8	6	244
NP054	4	6.6	2.6	518
NP055	3	8.1	5.1	877
NP057	5	8.2	3.2	386
NP059	5	7.2	2.2	187
NP060	4	7	3	785
NP061	3	6	3	190
NP062	3	9.5	6.5	287
NP063	3	7.8	4.8	749
NP064	3	8.4	5.4	237
NP065	3	8	5	524
NP066	4	6.6	2.6	228
NP067	3.5	6.5	3	211
NP068	4	8	4	444
NP069	4	7	3	482
NP070	3	7.7	4.7	344
NP071	4	6	2	915
NP072	4	8	4	252
NP073	5	6.8	1.8	216
NP074	5	7	2	204
NP075	4	8	4	998
NP076	4	7.5	3.5	160
NP077	3	8.3	5.3	830
NP078	3	6	3	507
NP079	3	8.3	5.3	389
NP080	3	8.5	5.5	343
NP081	3	7.5	4.5	245
NP082	5	7	2	377
NP083	4	7	3	611
NP084	3	8	5	229
NP085	4	7	3	171
NP086	7	8.5	1.5	202
NP087	3	7	4	280
NP088	5	7.2	2.2	168
NP089	3	5.1	2.1	159
NP090	4	8	4	323
NP091	3	7	4	274
NP092	5	7.1	2.1	196
NP093	3	6.8	3.8	810
NP094	7	8	1	151
NP096	4	6.2	2.2	316
NP097	4	7.8	3.8	234
NP098	4	6	2	254
NP099	4	6	2	182
NP100	4	7	3	241
NP101	4	7	3	140
NP102	4	6	2	265
NP103	5	6	1	191
NP105	6	7	1	126
NP106	5	7	2	133
NP108	3	6.9	3.9	466
NP109	4	5	1	106
NP110	3	8	5	179
NP111	4	7	3	323
NP112	4	7	3	171
NP113	4	7.1	3.1	322
NP114	4	7	3	187
NP115	4	6	2	176
NP116	4	7.5	3.5	1,027
NP117	4	7	3	246
NP118	6	7	1	132
NP119	3	7.5	4.5	458
NP120	4	6.4	2.4	508
NP122	7	8	1	256
NP123	5	7	2	176
NP126	4	6	2	158
NP127	7	8	1	119

APPENDIX 1 - Composite chemical assay values using a 100 ppm U_3O_8 cut-off (Cont'd)

Hole	From (m)	To (m)	Interval (m)	U_3O_8 (ppm)
NP130	4	6	2	349
NP131	5	7	2	140
NP132	4	7.2	3.2	1,478
NP133	5	7	2	214
NP134	4	6	2	872
NP135	4	7.3	3.3	159
NP136	6	8	2	177
NP137	0	4.5	4.5	185
NP138	4	8.6	4.6	223
NP139	4	6	2	284
NP140	4	7.1	3.1	182
NP141	5	7.1	2.1	136
NP142	5	7	2	106
NP143	3	7	4	396
NP144	5	7.2	2.2	126
NP145	2	7	5	404
NP146	2	8	6	583
NP147	5	8.3	3.3	246
NP148	6	7.7	1.7	521
NP149	3	7	4	877
NP150	2	8	6	603
NP154	5	6	1	133
NP156	4	8.8	4.8	146
NP157	6	8	2	231
NP159	4	8.4	4.4	250
NP160	4	8.5	4.5	1,516
NP161	2	7	5	411
NP162	4	9	5	514
NP164	0	2	2	172
NP165	4	8	4	164
NP166	5	7.5	2.5	130
NP167	6	8.8	2.8	136
NP169	5	8	3	125
NP170	4	8.5	4.5	487
NP171	5	7	2	223
NP172	6	6.4	0.4	106
NP173	5	8.5	3.5	551
NP174	4	5	1	1,060
NP176	5	8.6	3.6	215
NP178	4	8.5	4.5	331
NP179	0	1	1	110
NP180	5	9.1	4.1	234
NP181	0	4	4	325
NP182	4	8	4	310
NP184	5	7	2	149
NP186	7	8.9	1.9	129
NP188	4	7	3	298
NP189	4	6	2	325
NP190	5	7	2	184
NP191	3	7.5	4.5	314
NP192	4	7.5	3.5	409
NP193	4	7	3	439
NP194	4	6	2	132
NP195	4	6	2	251
NP196	3	5	2	197
NP197	4	8.2	4.2	330

Hole	From (m)	To (m)	Interval (m)	U_3O_8 (ppm)
NP198	4	7.6	3.6	187
NP199	3	7	4	304
NP200	1	7	6	215
NP201	4	7	3	149
NP202	1	6	5	246
NP203	7	8.8	1.8	209
NP204	5	8.7	3.7	496
NP205	5	7	2	388
NP206	5	7	2	350
NP208	6	8	2	182
NP209	4	7.2	3.2	201
NP210	4	6	2	152
NP211	6	8	2	140
NP212	4	8.8	4.8	389
NP213	4	8	4	704
NP214	0	2	2	108
NP215	5	8	3	134
NP216	5	7	2	193
NP217	4	7	3	175
NP221	6	8	2	146
NP222	6	7	1	179
NP223	4	6	2	350
NP224	5	7	2	255
NP225	5	6	1	178
NP226	5	6	1	349
NP227	4	7	3	374
NP228	6	8.2	2.2	141
NP230	5	7	2	224
NP231	6	7	1	136
NP233	5	7	2	212
NP234	4	6	2	167
NP235	3	8	5	472
NP236	4	7	3	139
NP237	5	7	2	254
NP238	5	7	2	110
NP240	5	7	2	408
NP241	5	8	3	385
NP242	5	8	3	228
NP243	4	7	3	438
NP245	4	5	1	119
NP246	5	7	2	158
NP247	5	7	2	129
NP248	6	7	1	154
NP249	4	8	4	163
NP250	5	6	1	124
NP251	4	6	2	290
NP252	4	8.2	4.2	238
NP253	7	8	1	119
NP254	7	8	1	499
NP256	4	5	1	249
NP257	6	7	1	151
NP259	6	7	1	162
NP260	4	8	4	292
NP261	4	8	4	550
NP262	4	8	4	589

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

DEEP YELLOW LIMITED

ABN	Quarter ended ("current quarter")
97 006 391 948	30 SEPTEMBER 2006

Consolidated statement of cash flows

		Current quarter $A'000	Year to date (3 months) $A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration and evaluation	(816)	(816)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(151)	(151)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	377	377
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	3	3
	Net Operating Cash Flows	(587)	(587)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a)tenements	-	-
	(b)equity investments	-	-
	(c)other fixed Assets	(16)	(16)
	(d)environmemtal bonds	(20)	(20)
1.9	Proceeds from sale of: (a)tenements	-	-
	(b)equity investments	-	-
	(c)other fixed Assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid from other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	(36)	(36)
1.13	Total operating and investing cash flows (carried forward)	(623)	(623)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(623)	(623)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
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	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(623)	(623)
1.20	Cash at beginning of quarter/year to date	14,211	14,211
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	**13,588**	**13,588**

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	85
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	N/A	

+ See chapter 19 for defined terms.

3.2	Credit standby arrangements	N/A	

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	1,250
4.2	Development	-
	Total	**1,250**

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	13,588	14,211
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	**13,588**	**14,211**

Changes in interests in 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	EL(A) 25182	Application for 55 blocks	100%	NIL
6.2	Interests in mining tenements acquired or increased	EL(A) 22601	Application for 295 blocks	NIL	100%

+ See chapter 19 for defined terms.

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** *(description)*	NIL			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	NIL			
7.3	**+Ordinary securities**	627,045,966	627,045,966		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	NIL			
7.5	**+Convertible debt securities** *(description)*	NIL			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	*Unlisted options* 160,000 25,000,000 12,500,000 6,000,000 4,000,000	 - - - - -	*Exercise Price* 35 cents 0.5 cent 11.5 cents 24.5 cents 34.5 cents	*Expiry Date* 01/01/2007 31/12/2007 31/7/2008 31/12/2008 31/12/2008
7.8	Issued during quarter	NIL	-		
7.9	Exercised during quarter	NIL			
7.10	Expired during quarter	NIL			
7.11	**Debentures** *(totals only)*	NIL			
7.12	**Unsecured notes** *(totals only)*	NIL			

+ 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 give a true and fair view of the matters disclosed.

27 October 2006

Sign here: ..... Date: .....
(Company secretary)

MARK PITTS

Print name: .....

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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+ See chapter 19 for defined terms.