DEEP YELLOW

ABN 97 006 391 948

Level 1
33 Ord Street
West Perth Western Australia 6005
Telephone: + 61 8 9481 2407
Fax : + 61 8 9481 2690

January - March 2005

QUARTERLY REPORT ON EXPLORATION ACTIVITIES

During the March quarter, the Company continued to build its base for uranium exploration, development and mining. In the Northern Territory, the Company made significant progress on its applications to carry out drilling on the Napperby and Northeast Arunta projects. In Tanzania, the Company has applied for and received Offers to Grant for four Prospecting Licences. Three of the licences are located in the Mkuju River area in southern Tanzania and were selected to cover prospective Karroo basin and Ruhuhu Basin sediments. The fourth licence covers the Makutapora prospect in the central part of Tanzania and targets uranium in calcrete-type deposits.

NORTHERN TERRITORY

Napperby Project (EL24246)

During the quarter, the Company submitted a Small Mining Operations Management Plan to the Department of Business, Industry and Resource Development to facilitate the planned drilling program at Napperby. The Company has received positive feedback regarding the proposal but has not yet received approval for the program. In addition the Company has submitted its work program to the Central Land Council for site clearance. The Company has received verbal advice that the site clearance has been completed and expects written confirmation in the near future.

As previously announced, the Company has approved a budget to cover drilling activities aimed at producing a JORC compliant resource estimate for the shallow mineralisation at Napperby.

The Napperby Project is located 150km northwest of Alice Springs in the Northern Territory. It consists of one exploration licence covering 809km2 and is prospective for both deeper sandstone roll front and surficial calcrete uranium target types.

The calculation of a JORC compliant resource estimate for the New Well Prospect is a priority for Deep Yellow and approvals to carry out this work are currently being processed. The majority of the existing drilling is wide spaced (300m x 400m) and the Company believes that the higher grade parts of the deposit are controlled by sand filled channels which have only partly been delineated by the previous wide spaced drilling. Deep Yellow plans to carry out infill drilling around these channels to establish the channel boundaries, verify the continuity of the higher grade mineralization and estimate a new resource for the New Well Prospect.

In the late 1970's Uranerz Australia Pty Ltd, a major uranium explorer, drilled 820 shallow percussion and auger holes on the Napperby tenement culminating in resource definition work and a pre-feasibility study. The work delineated a 20km x 4km uranium mineralised palaeodrainage, known as the New Well Prospect, on which Uranerz carried out an economic orientation study based on a range of between 5,700-6,200t contained U_3O_8 within a grade range of 0.036-0.038%. The mineralised zone is 1-5m thick and occurs between 3m and 10m from surface.

It should be noted that the above information has not been prepared in compliance with the JORC Code 2004. The statement is based on estimates made in a report by Uranerz in 1979. The Uranerz report used polygons centred on holes drilled on 300m x 400m, 300m x 200m, 300m x 100m and 100m x 100m grids. The calculations were performed using a 200ppm and 0.5m sample interval cut-off. Two calculations were employed, one using a strict 200ppm cut-off for each assay and the second incorporating values greater than or equal to 100ppm such that the polygon average was still above the 200ppm cut-off. The potential quantity and grade of the above information is conceptual in nature and to date there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

The prime untested exploration target in this project is a sandstone hosted uranium deposit amenable to in-situ leaching (ISL). Drilling by Uranerz showed the presence of a deeper Tertiary palaeochannel extending to the west of the near-surface calcrete uranium mineralisation at New Well. This drilling was never followed up. Considering the high uranium content of the ground waters in the area, this palaeochannel system offers an excellent target for discovery of a sandstone hosted uranium deposit suitable for in-situ leaching. Deep Yellow plans a regional gravity survey to delineate the channel geometry followed by drilling to establish the sedimentology and redox conditions of the deeper channel.

Northeast Arunta Project (EL9890)

The Company submitted a Small Mining Operations Management Plan to the Department of Business, Industry and Resource Development during the quarter to facilitate the planned drilling program at Northeast Arunta. On 14 April 2005, the Company received approval for the program. In addition the Company has submitted its work program to the Central Land Council for site clearance, however due to unforeseen delays the Central Land Council has not yet been able to complete a site clearance for the work program.

The Northeast Arunta Project is located in the Proterozoic Arunta block, approximately 270km NNE of Alice Springs. Exploration by previous workers has defined a 1400m long radiometric anomaly (Yambla Prospect) within the Yambla Amphibolite. Drilling and trenching of the Yambla Amphibolite by PNC, a major Japanese explorer in the 1980's, defined a 1-10m thick alteration zone within which occurs sporadic occasionally very high grade uranium mineralisation in the form of egg-shaped nodules of uraninite grading 1-10% U3O8.

Fifteen (15) of the trenches dug by PNC show mineralisation of which two have reasonable zones of high grade material. Better trench assays of channel samples (0.5m to 1.0m) ranged 0.1-10%.

Elsewhere, assays adjacent to mineralisation ranged 10-200ppm U. One campaign of diamond drilling (13 holes) was completed, with two holes showing moderate downhole anomalies. All holes intersected at least some alteration proving a wide extent of the mineralising system. Drillhole assays ranged 5-50ppm U in altered rock while unaltered amphibolite was all <5ppm U. Previous explorers have found it difficult to determine the extent and distribution of the uranium nodules. After reviewing existing data Deep Yellow plans to carry out bulk sampling at Yambla and drilling to determine the distribution and potential economics of the Yambla Prospect and locate the routes of the extremely high grade egg-sized pods of the near surface uranium mineralisation.

TANZANIA

During the quarter the Company advised that it had received and accepted an Offer to Grant four Prospecting Licences from the Tanzanian Ministry of Energy and Minerals.

The licences cover over 2,700km^2 of areas identified as prospective for uranium by German company Uranerzbergbau GMBH (UGB) in a countrywide search from 1978 to 1982. Three of the licences are located in the Mkuju River area in southern Tanzania and the fourth licence covers the Makutapora prospect in the central part of Tanzania.

Mkuju River Area, Southern Tanzania

The Companies Mkuju River licences cover over 2,000km^2 of Karroo sediments within the Luwegu and Ruhuhu Basins. During their countrywide search UGB identified outcropping uranium in the Luwegu Basin sediments of the Mkuju River area. Deep Yellow's tenements cover the prospective Luwegu Basin sediments along strike to the south from these outcrops as well as analogous positions to the west. The licences offered to Deep Yellow will make the Company the largest land holder in the Mkuju River area.

Deep Yellow will be carrying out field work and a geophysical data review aimed at commencing detailed exploration activities on the licences in the second half of the year.

Uranium deposits of the sandstone-type targeted in the Luwegu Basin comprise more than 30% of currently known uranium deposits in Africa, including Paladin's Kayelekera deposit in Malawi 200km to the west. In Africa, these type of deposits host in excess of 300,000 tonnes of U_3O_8 and are principally hosted by geology analogous to that of the Luwegu and Ruhuhu Basins.

Makutapora, Central Tanzania

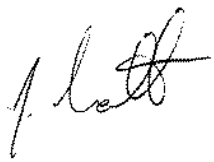
The Makutapora licence covers a palaeochannel overlain by a calcrete cap. Previous explorers reviewed samples from water bores in the Makutapora area and identified a 500ppm U_3O_8 assay in calcrete associated with a uranium in groundwater anomaly. Additional assays up to 285 ppm U_3O_8 have been reported from shallow trenches within calcrete layers in the Mbuga muds at Makutapora and in adjacent areas. None of these anomalies were followed-up by drilling. The Company considers that the area contains significant potential for calcrete-style uranium mineralization.

OTHER PROJECTS

Mikado Joint Venture

The Joint Venture is in negotiations with a third party over the future of the Mikado Project.

Yours sincerely

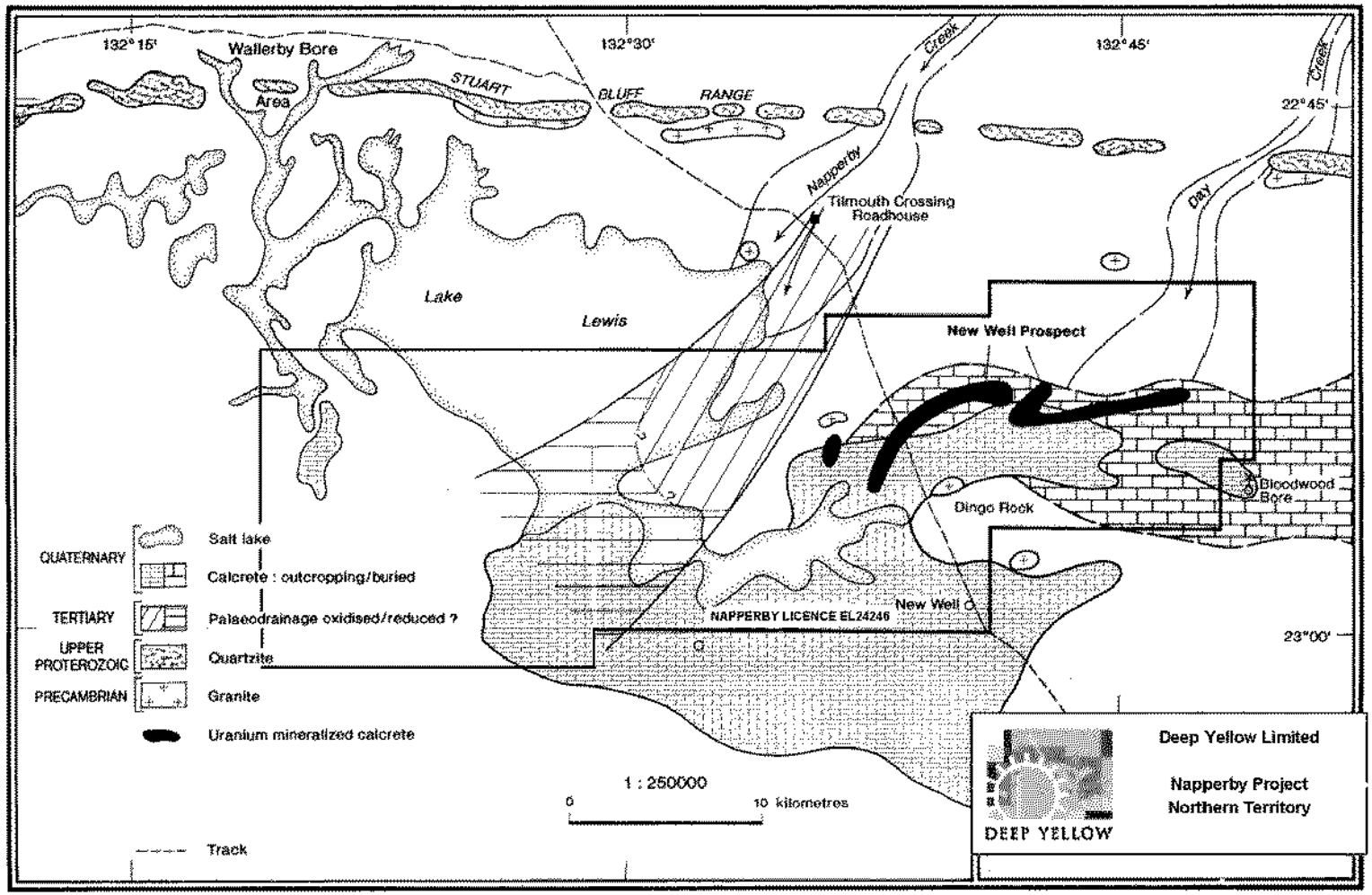


James Pratt
Managing Director

The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled by Mr Joseph Drake-Brockman who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Drake-Brockman has sufficient experience which is relevant to the style of mineralisation and type of deposit described herein to qualify as a Competent Person for the purposes of the 1999 Australasian Code for Reporting of Exploration Results, Mineral Resources And Ore Reserves. Mr Drake-Brockman is a consultant to Deep Yellow Limited and he consents to the inclusion in the report of the matters based on their information in the form and context in which they appear.

DEEP YELLOW LIMITED

Napperby – Northern Territory



Central & South Tanzania Project Map