



29 April 2016

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 31 MARCH 2016

HIGHLIGHTS

Corporate and Market Comments:

- DYL is pleased to report a cash and liquid assets balance of \$2.3 million at the end of the quarter.
- Overheads continue to be kept to a minimum to enable greater project expenditures.
- Uranium industry leader Cameco announced significant production curtailments at three operations resulting in an expected 7 Mlb reduction in its 2016 uranium output.
- Future nuclear demand growth was provided with further impetus when the European Commission recently called on its member states to make major investments of between €450 and €500 billion in nuclear energy through to 2050.
- The European Commission approved the proposed deal between France's EDF and China General Nuclear (CGN) concerning the proposed \$25.5 billion Hinkley Point C nuclear project in England.
- China's operating nuclear generating capacity is set to double over the next five years under the country's latest Five-Year Plan.

Namibian Exclusive Prospecting Licences Renewed (post the reporting period)

- Renewal confirmation for DYL's Namibian Exclusive Prospecting Licences ('EPLs') 3496 and 3497 was received from the Namibian Ministry of Mines and Energy.
- This means that DYL has met the Namibian Ministry of Mines and Energy's new licence conditions in regard to empowerment and corporate social responsibility.
- This is the fourth renewal for these two EPLs which will allow DYL to continue to progress its current promising work programs.
- At the time of submission of the renewal applications the Company voluntarily relinquished EPL3499, known as Ripnes.

Tumas Project

- The metallurgical testwork program being supervised by Marenica Energy Ltd ("MEY") at the Nagrom Laboratory in Perth on a bulk sample from the Company's Namibian Tumas Deposit remained on schedule and budget.
 - Interim results received to date focused on the first steps in the process have been in line with and in some cases even exceeded expectations.
 - The testwork program, scheduled to be completed around mid-year, is the first phase of a program designed to assess the amenability of MEY's U- pgrade™ flowsheet to Tumas's calccrete ore.
 - A more detailed release on interim results of the testwork program will be made shortly.
 - Reinterpretation of the existing Tumas JORC resource has identified an area of drilling of over 2 kilometres along strike to the east that was not included in the model, opening up the possibility of a significant resource increase.
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BUSINESS REVIEW

RUN EPLs RENEWED

After the period under review DYL's Namibian operating subsidiary Reptile Uranium Namibia (Pty) Ltd (RUN) received renewal confirmation from Namibia's Ministry of Mines and Energy for its Exclusive Prospecting Licences (EPLs) 3496 and 3497 (see Figure 1). This is the fourth renewal for these two EPLs and will allow the Company to continue to progress its current work program on the Tumas/Tubas Palaeochannel Calcrete Project as well as on the Omahola Project. EPL3499, known as Ripnes and located to the south of EPL3497, was voluntarily relinquished at the time that the renewal applications were submitted.

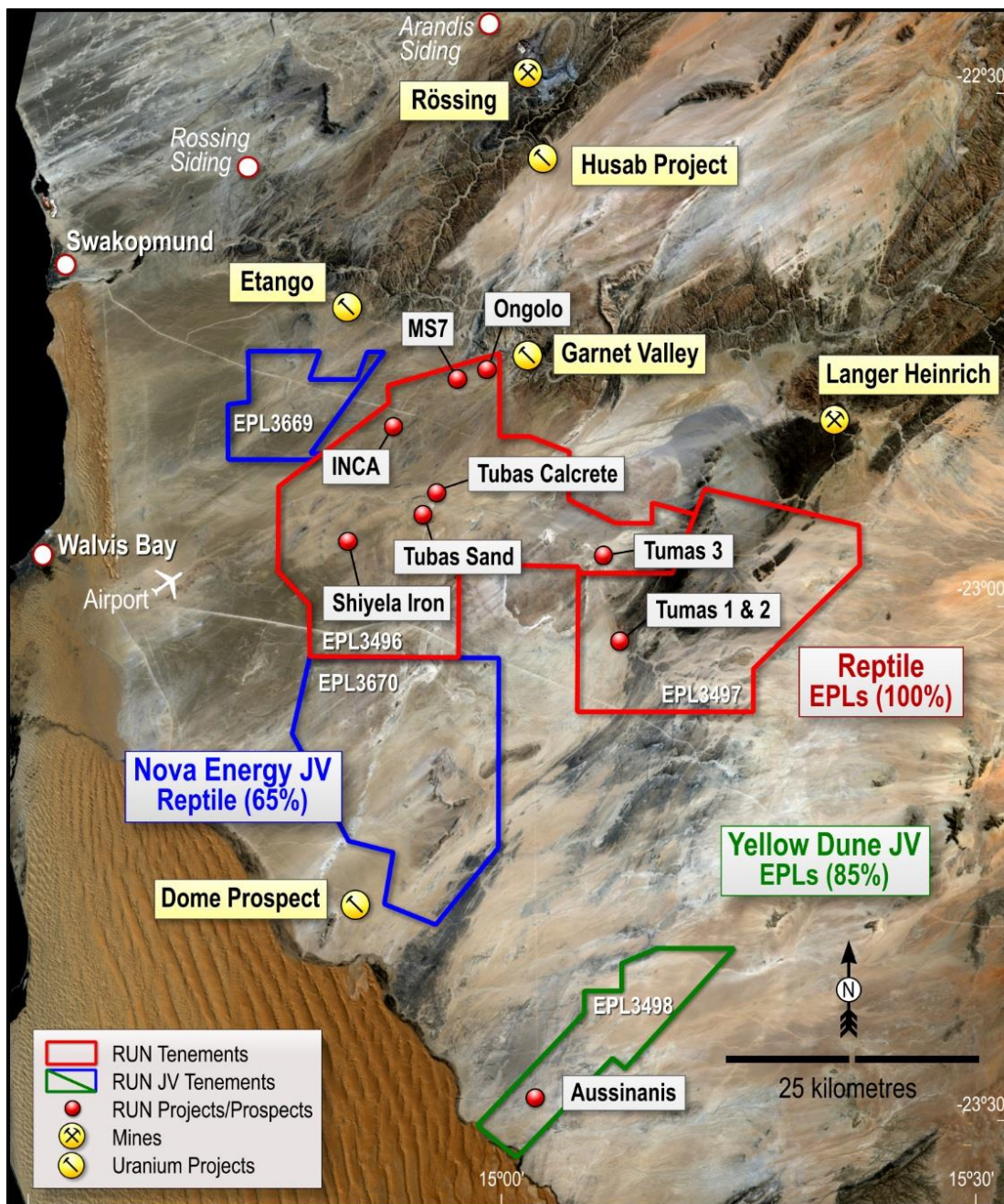


Figure 1: Location map of RUN's wholly owned and joint venture EPLs.



TUMAS PROJECT

Marelica Energy Ltd U-pgrade™ Testwork Program

The bench scale metallurgical testwork program being conducted under the supervision of Marelica Energy Ltd (“MEY”) at Nagrom Laboratories in Perth is continuing on schedule and within budget. The testwork is being conducted on a bulk sample that was removed from the Tumas calcrete deposit late in 2015 and early 2016. The program, designed to assess the amenability of MEY’s U-pgrade™ flowsheet to Tumas’s calcrete ore, is achieving results entirely within and in some cases even exceeding expectations. So far the scrubbing through to desliming steps have been largely completed and preparation is underway to commence the carbonate removal step.

If the testwork is successful the Company’s ultimate objective is to commercialise the process in an operation developed to cost effectively produce a high grade intermediate product for toll treatment or satellite supply to any one of the three existing Namibian uranium mines. If the metallurgical testwork results are similar to what has been achieved by MEY on its own low grade Namibian deposit the resulting high grade product should be economical to transport and attractive to the existing Namibian uranium producers. However, under the right market conditions a standalone operation producing a final yellowcake product could also be developed.

Tumas Deposit Channel Sampling and Resource Work

A detailed channel sampling exercise was completed within the trench excavated to provide the bulk sample for the metallurgical testwork program. The detailed assay results have not yet been received however indicative grades, generated from the infill drilling program completed in the area last year, are shown in Figure 2 below. (The results of that program were reported in an ASX Release dated 16 July 2015, entitled “Palaeochannel Exploration: Enhanced Prospectivity Potential Confirmed”.) Of interest is the higher grades contained in the higher sulphate containing gypcrete layer compared to the calcrete. In addition to the assays detailed particle size distribution tests are also being conducted which will inform the metallurgical testwork program.



Figure 2: Image of the Tumas Trench showing indicative channel sampling results.

A new resource model over Tumas Zones 1 and 2 is being constructed to enable a resource update to be completed (see Figure 3). An area along strike and to the east of Zone 1 (to be called Zone 0 in future), which contains holes previously drilled but not included in the current JORC resource, is



also being modelled. The area is some three kilometres in extent and grades seem comparable to those in the existing Tumas Zones (approximately 350ppm U_3O_8) which may enable a significant resource increase.

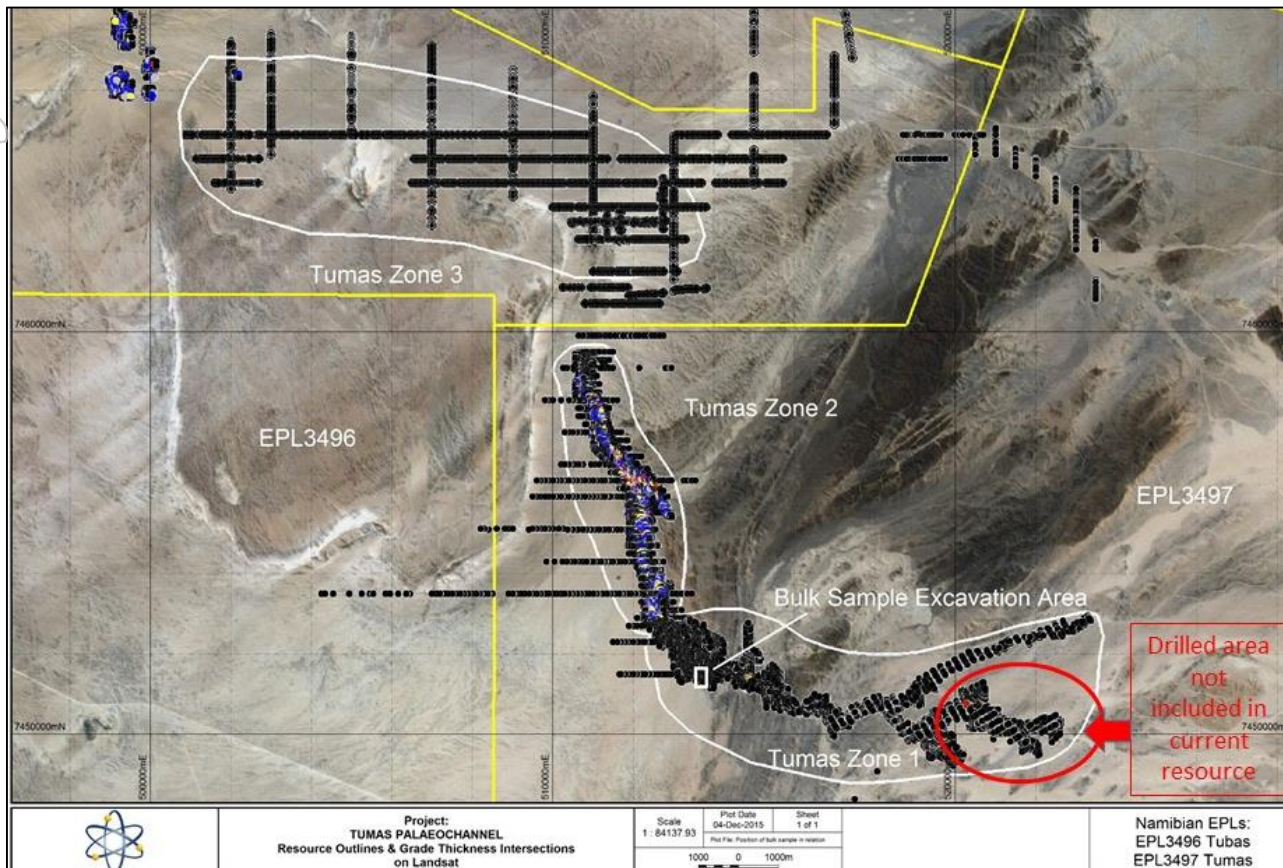


Figure 3: Map showing location Tumas "Zone 0" to the east the current Tumas JORC Resource.

Based on additional recent research on the historical exploration work conducted in the 1970's and 1980's and limited field work on the area further east along strike beyond Tumas "Zone 0" it is believed that the area may be prospective for further resource extension. More field work is required before a decision can be made on what, if any, additional drilling is required to prove up this potential.

MARKET COMMENT

The uranium spot price continued to languish well below US\$30/lb despite solid medium term demand/supply fundamentals. It is anticipated that the situation is likely to change gradually later in the year as contracting activity is expected to increase significantly. The low price may have been a major factor in industry leader Cameco's recent decision to curtail its 2016 production by some 7 Mlbs U_3O_8 with Rabbit Lake being placed on care and maintenance and a reduction in output at McArthur River and its US in situ recovery operations.

Europe recently added positive sentiment to the nuclear demand growth story over and above that of the well-understood new-build programs of China, Russia, India and South Korea. Post the COP21 meetings in Paris the European Parliament adopted a non-legislative Resolution urging the provision of secure, sustainable and affordable energy to its citizens. To achieve this it recognised the significant role that nuclear energy plays in reducing CO_2 emissions and securing energy supply.

In the Resolution it noted that "nuclear power provided 27% of the EU's electricity mix and over half of the EU's low-carbon power in 2014". Nuclear power is a vital element of Europe's energy mix contributing to the three main objectives of EU's energy and climate strategy: security of supply,



climate change mitigation and competitiveness. It advised that nuclear capacity in the EU should therefore be at least maintained up to 2050 and beyond in order to reach these objectives.

The European Commission went even further by calling on Europe's power utilities to make major investments in nuclear power of between €450 billion and €500 billion by 2050 to secure energy supply across the 28-nation bloc. It was estimated that around 90% of that investment would be in new build and the remainder on maintaining existing power stations.

CORPORATE

DYL is pleased to report a balance of \$2.3 million of cash and liquid assets as at 31 March 2016. Overheads continue to be kept to a minimum which is enabling DYL to commit greater expenditure levels to ongoing project work.

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.

The Company is currently conducting metallurgical testwork and evaluating fast track development options for its Tumas/Tubas surficial calcrete deposits which are amenable to various physical beneficiation upgrading techniques that have been successfully tested over the last four years.

Deep Yellow also holds the Omahola Open Pit Heap Leach Project on which value engineering studies are being conducted to supplement the recently completed preliminary economic analysis.

Competent Person's Statement

In this report, where the Company refers to the release made to the ASX on 16 July 2015 entitled "Palaeochannel Exploration: Enhanced Prospectivity Potential Confirmed", DYL confirms that it is not aware of any new information or data that materially affects the information disclosed in that release and the form and context of the announcement has not materially changed.

Annexure 1

Schedule of Mineral Tenure – March 2016

NAMIBIA

Number	Name	Interest	Expiry Date	JV Parties	Approx. Area (km ²)
EPL 3496	Tubas	100%	05.06.2015 ^{#1}	-	709
EPL 3497	Tumas	100%	05.06.2015 ^{#1}	-	637
EPL 3498	Aussinanis	85%	07.05.2016	5% Epangelo ^{#3} 10% Oponona ^{#4}	253
EPL 3668	Gawib West	65%	20.11.2015 ^{#1}	25% Nova (Africa) ^{#5} 10% Sixzone ^{#6}	185
EPL 3669	Tumas North	65%	20.11.2015 ^{#1}		163
EPL 3670	Chungochoab	65%	20.11.2015 ^{#1}		640
ML 173 ^{#2}	Tubas Sand	95%	Application	5% Oponona ^{#4}	-
ML 174 ^{#2}	Inca	95%	Application		-
ML 176 ^{#2}	Shiyela	95%	05.12.2027		-
Sub-Total					2,587

^{#1} Renewal documentation has been submitted and the Company awaits the administrative process to be finalised

^{#2} Located entirely within EPL3496

^{#3} Epangelo Mining (Pty) Ltd

^{#4} Oponona Investments (Pty) Ltd

^{#5} Nova (Africa) (Pty) Ltd

^{#6} Sixzone Investments (Pty) Ltd

EPL 3499 Ripnes (application made for relinquishment during the quarter)

NORTHERN TERRITORY

Number.	Name	Interest	Expiry Date	JV Parties	Approx. Area (km ²)
EL 24246	Napperby	100%	10.10.16	-	234
Sub-Total					234

QUEENSLAND

Number	Name	Interest	Expiry Date	JV Parties	Approx. Area (km ²)
EPM 14916	Ewen	100%	14.05.16	-	58
Sub-Total					58
DYL Total					3,401

AGREEMENTS

	Approx. Area (km ²)
ABM Resources NL - Northern Territory (100% uranium rights stay with DYL)	14,142
Sub-Total	14,142
Total Area	17,543

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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 MAR 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(242)	(831)
(b) development	-	-
(c) production	-	-
(d) administration	(208)	(825)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	9	58
1.5 Interest and other costs of finance paid	-	-
1.6 Tax refund *	-	50
1.7 Other	1	3
Net Operating Cash Flows	(440)	(1,545)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(10)
(d) environmental and other bonds	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
(d) environmental and other bonds	-	3
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	(7)
1.13 Total operating and investing cash flows (carried forward)	(440)	(1,552)

* Research and Development grant received

+ See chapter 19 for defined terms.

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Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(440)	(1,552)
	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 (Capital Raising Costs)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(440)	(1,552)
1.20	Cash at beginning of quarter/year to date	2,771	3,927
1.21	Exchange rate adjustments to item 1.20	(25)	(69)
1.22	Cash at end of quarter	2,306	2,306

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	102
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	-	-

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Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	350
4.2 Development	-
4.3 Production	-
4.4 Administration	210
Total	560

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	1,806	2,271
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)	2,306	2,771

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	EPM15070 EPL 3499	Relinquished Application made for relinquishment	24 blocks 85%	0 blocks 0%
6.2 Interests in mining tenements acquired or increased	-	-	-	-

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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	1,931,335,128	1,931,335,128	-	-
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	-	-	-	-
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	-	-	-	-

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	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>
	12,761,000	-	-	01/07/2016
	3,000,000	-	-	01/12/2016
	24,475,000	-	-	01/07/2017
	21,985,000	-	-	01/07/2018
7.13	Granted during quarter			<i>Vesting dates</i>
7.14	Vested during quarter			<i>Share issue date</i>
7.15	Lapsed during quarter			<i>Date lapsed</i>
7.16	Cancelled during quarter			<i>Date cancelled</i>
7.17	Debentures <i>(totals only)</i>	-	-	
7.18	Unsecured notes <i>(totals only)</i>	-	-	

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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: Date: 29 April 2016
(Director/Company secretary)

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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