



30 July 2015

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 30 JUNE 2015

HIGHLIGHTS

Corporate and Market Comments

- DYL remains in a solid financial position with a cash balance of approximately \$3.9 million at the end of the quarter.
- Kyushu Electric Power Company's Sendai 1 unit should become the first Japanese reactor to generate power in almost two years with its restart due within the next two weeks.
- The Indian government announced that it is considering setting up a 'strategic uranium stockpile' of between 5,000 tonnes and 15,000 tonnes and also that it had decided not to mine uranium in three of its provinces.
- Energy Resources of Australia Ltd announced that its proposed Ranger 3 Deeps development will not proceed, effectively removing approximately 7Mlbspa from medium-longer term uranium supply.
- Despite these encouraging signals the spot price drifted lower during the quarter to US\$36.50/lb and the long term price also dropped to US\$46/lb as the market moved into the traditional quiet period of the northern hemisphere summer.

Palaeochannel Exploration Program

- The exploration program, which consisted of infill drilling and interpretation as well as sophisticated geophysical modelling using existing airborne EM survey data, was successfully concluded.
- The results were impressive, significantly enhancing the prospectivity potential of the palaeochannels.
- The palaeochannels have existing JORC (2004) compliant resources and were the focus of earlier exploration efforts by RUN prior to 2011 and, more recently, mineral characterisation tests to assess suitability for physical beneficiation.
- The infill drill program demonstrated that the palaeochannels are continuously mineralised with minimal internal dilution and grades that were a good match in tenor with prior results.
- A map modelling the depth to basement geometry demonstrated that the lateral extent and depth of the palaeochannels far exceeded previous interpretations.
- The combination of the two sets of results together with other studies enabled DYL to infer the potential for a much larger mineralisation envelope contained within these extensive and deep interpreted palaeochannels.

Omahola Project

- The project's estimated capital cost was reduced by assuming and modelling a Grasshopper ore stacking arrangement to accommodate the envisaged smaller heap leach development scenario.
- The effect of this approach on estimated operating costs was also modelled and pit optimisation studies were being updated and finalised at the end of the quarter.
- The results will be released shortly once an internal review is completed.



BUSINESS REVIEW

PALAEOCHANNEL EXPLORATION

(See DYL ASX Release “Enhanced Prospectivity Confirmed”, 16 July 2015)

Tumas Palaeochannel Drill Program

The 90-hole close-spaced infill program within the Tumas Zone 1 area (see Figures 1 and 2) was drilled at 12.5m x 12.5m centres for a total of approximately 1,450m. The program confirmed a continuously mineralised front over 160 metres (north-south) and 50 metres wide (east-west) which was entirely consistent with previous drilling results. Given that a previous drill program had a spacing of 50m x 50m this outcome was highly encouraging.

Grades that were obtained by downhole gamma logging and validated by ICP-MS assay were a good match in tenor with the historical results and the existing mineral resource model. There were 21 out of the 90 drill holes where the grade-thickness metre (“GTM” – calculated by multiplying the interval (m) x eU₃O₈ (ppm)) exceeded 2,000 m eU₃O₈.

Mineralisation was found to be confined to the channel sediments and not in the bedrock and limited amounts of internal dilution were present. If a project is developed on the palaeochannels then these factors could make mining simpler and processing relatively straight forward.

The topography of the palaeochannel base was confirmed to be gently undulating and appeared to have no influence on the ‘blanket’ mineralisation and not to be a significant influence on the uranium grade or thickness or the mineralisation. There were indications that mineralisation may be present even in areas with as little as 2 metres of channel fill and these would need to be delineated in future by detailed mapping of the channel margins.

As a part of the overall assessment an internal study predicted the calccrete-hosted tonnes uranium per lineal kilometre that might be present along the Tumas drainage channel (and by extrapolation potentially the Tubas channel as well). Predictions ranged between 1.8 and 3Mlbs U₃O₈ per kilometre although these figures should be discounted by 50% to build in some conservatism in recognition of the relatively low level of definition across the length of the palaeochannel system. Assumptions pertaining to consistency of grade and thickness of mineralisation were made for this prediction by interpolating the historically wide-spaced drilling. These results provide evidence to support these assumptions, albeit over a limited area.

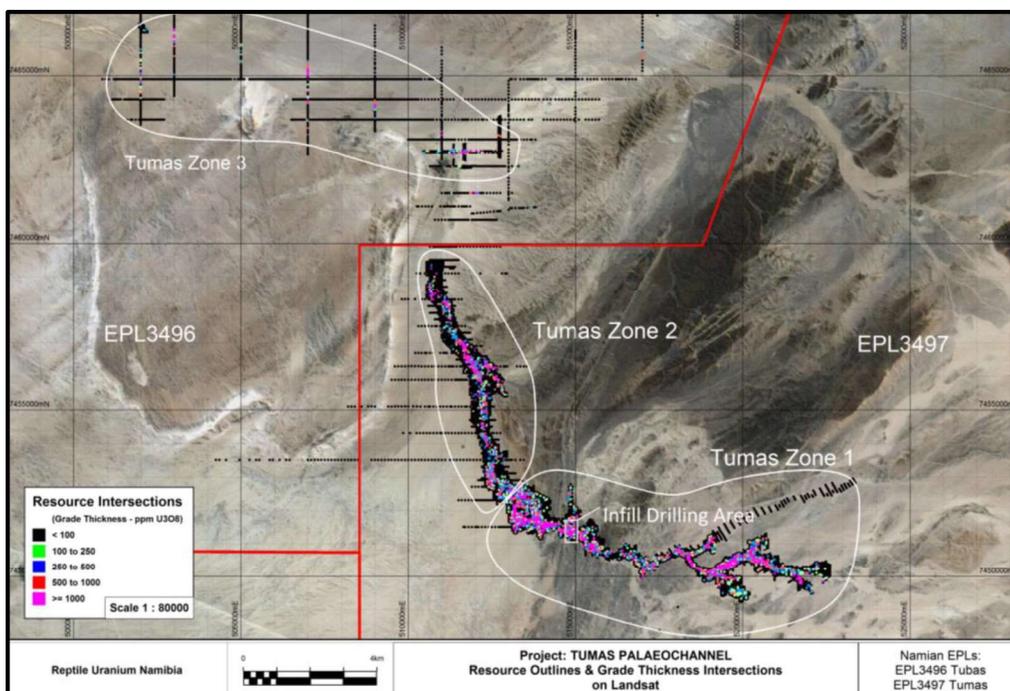


Figure 1: The Tumas Palaeochannel on EPLs 3497 and 3496 showing location of Infill Drill Program

For personal use only



For personal use only

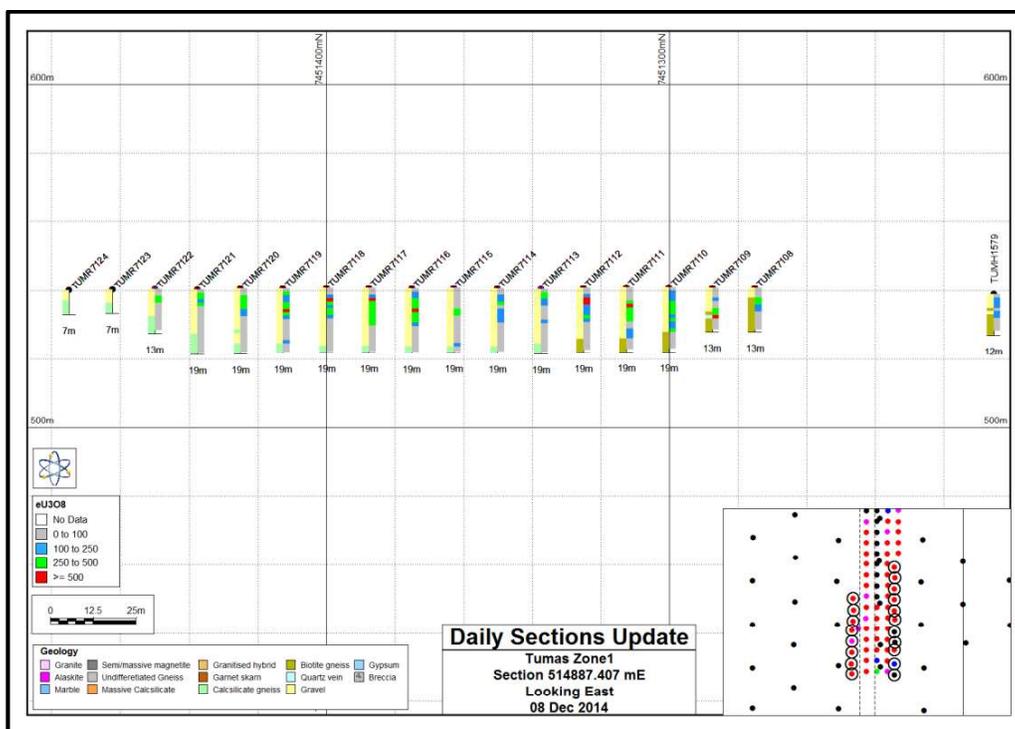


Figure 2: Tumas Palaeochannel Infill Drilling Section 514887.407 mE looking East

Resource Potentials Geophysical Interpretation

Palaeochannel Interpretation

In 2008 an extensive AeroTEM helicopter electromagnetic (“HEM”) survey was flown for RUN by Aeroquest Ltd of Canada covering exploration tenements EPL3496 and EPL3497. A total of 4,107 survey line km were flown at a broad 500m line spacing.

Resource Potentials was commissioned to convert the AeroTEM EM time channel data to conductivity-depth values and then run an auto-picking processing routine on the conductivity-depth data to determine the thickness of conductive cover above fresh bedrock “basement”, and produce a set of georeferenced data products.

Layered Earth Inversion (“LEI”) software, only recently released by Geoscience Australia, was used to process the complete AeroTEM dataset to generate conductivity-depth values for all flight lines. A suite of georeferenced images was created, together with a range of data products encapsulating the LEI and auto depth-picking results; such as grid surfaces and images of the fresh rock depth, conductivity depth slices and other processed EM data.

To test the reliability of the outcome information giving depth to fresh bedrock from drilling was gridded and imaged for selected prospect areas and then compared against the LEI results. In general, the calculated conductive cover thickness broadly agreed with the palaeochannel thickness determined from drilling (Figure 3). Whilst these results are unquestionably encouraging it is acknowledged that the images and resulting contours of the calculated conductive cover thickness model may only broadly represent the palaeochannels because of the broad line spacing of the original EM survey.

The Palaeochannel depth map can in future be used to interpret the uranium potential of undrilled areas and assist with drill planning for new targets.

The most encouraging result of this interpretation is the confirmation of the lateral extent and potential depth of the palaeochannel system across RUN’s two EPLs. As can be seen in Figures 4 and 5 the palaeochannel system is well over 100 kilometres in extent and in places reaches depths of 130 metres.

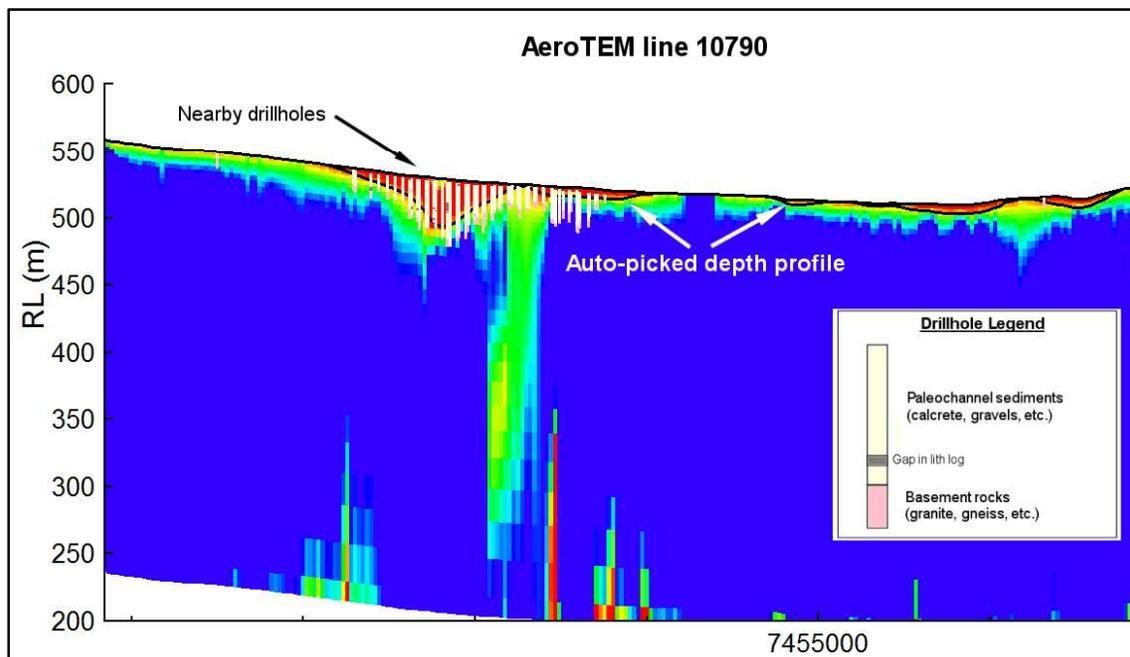


Figure 3: LEI section showing the good correlation between bedrock depth from drilling and the depth-to-bedrock from the auto-picking routine

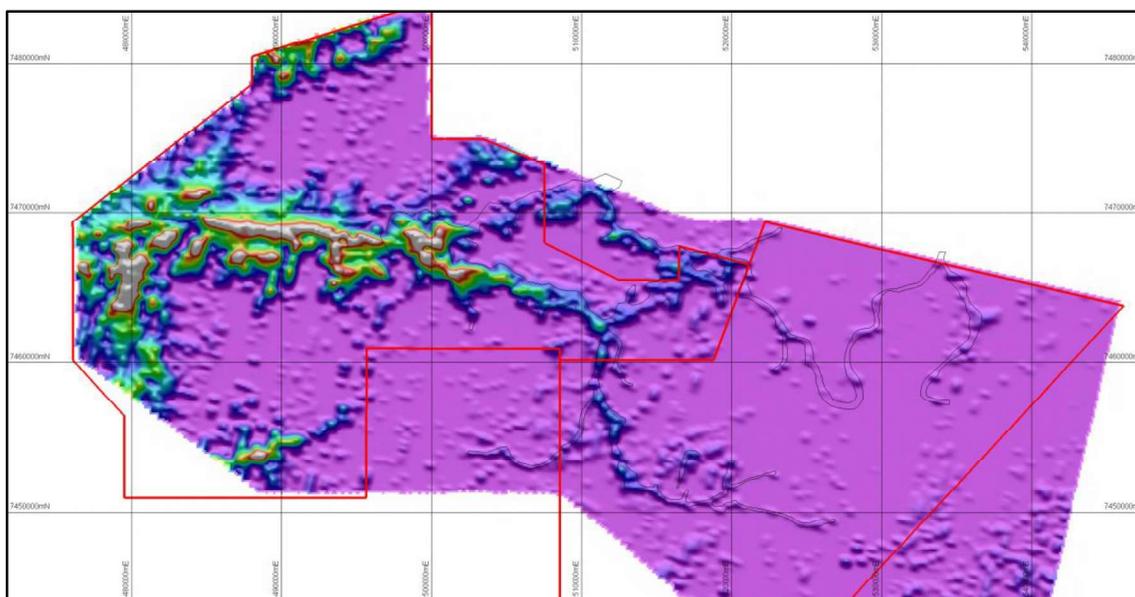


Figure 4: Map showing LEI conductance image with additional interpretation of the palaeochannel system across EPLs 3496 and 3497

Bedrock targets identified

In addition to the palaeochannel interpretation, the AeroTEM EM decay time data were also analysed on a line-by-line basis to identify and then rank potential bedrock conductors, which may correlate to uranium mineralisation associated with Fe and Cu sulphide minerals. Despite the fact that AeroTEM is a low power system not ideally suited for detecting bedrock conductors beneath conductive regolith cover or deeper than 100m, a number of bedrock conductor targets were identified. It was recognised that some of these bedrock EM targets occur in areas of remanent magnetisation, which could possibly be caused by Alaskite intrusions.

A list of the EM bedrock targets is being compared to RUN's existing portfolio of bedrock alaskite targets, and where appropriate, will be followed up in due course.

For personal use only



For personal use only

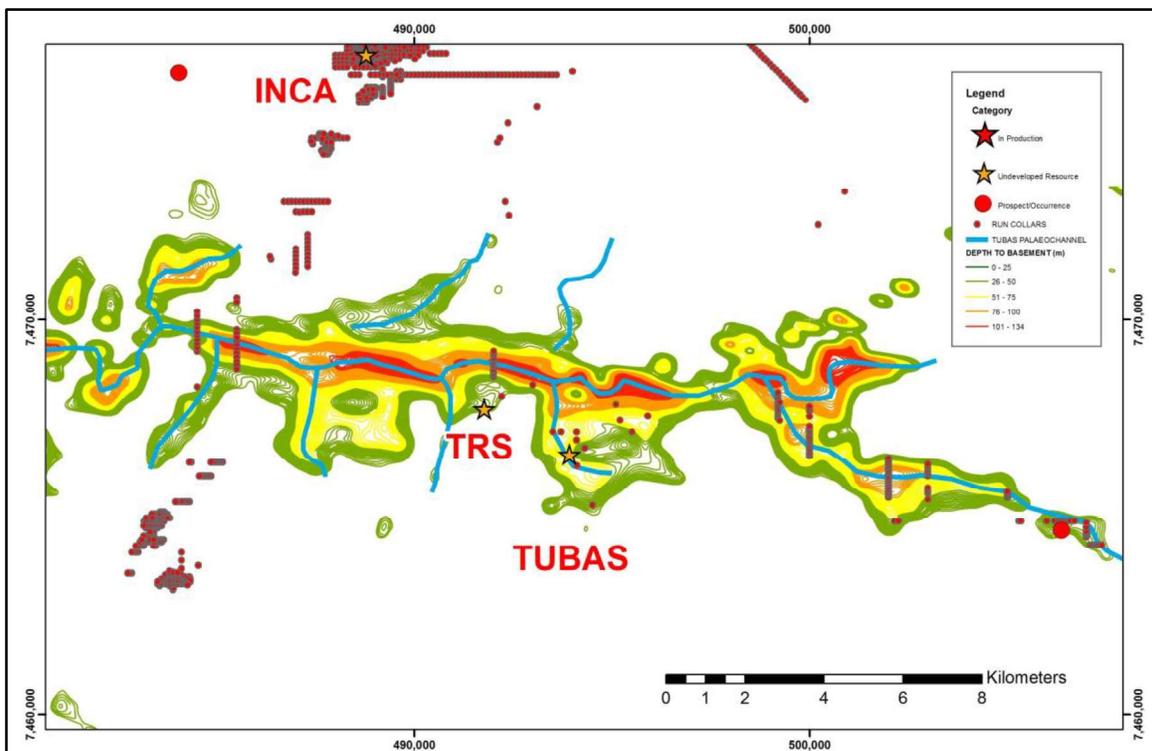


Figure 5: Map showing interpretation of depth to basement of the palaeochannel system across EPL 3496. Note: The red dots show historical holes drilled deeper than 50m.

OMAHOLA PROJECT

Pit Optimisation Study

The project’s estimated capital cost was reduced by assuming and modelling a Grasshopper ore stacking arrangement (a mobile stacking system rather than a fixed stacker-reclaimer installation) to accommodate the smaller heap leach development scenario. This methodology is widely used in heap leach mining operations, even with higher levels of throughput (such as was planned at Areva’s Trekopje Mine – 40Mtpa – See image below).



Figure 6: Photo of the Grasshopper system installed by SENET at the Trekopje Mine, Namibia



The estimated operating costs of such a system were also modelled and detailed pit optimisation studies were being updated and finalised at the end of the quarter. These studies will allow DYL to assess the impact of this approach on the overall economics of the project given the current resource base. The results are currently being reviewed internally and will soon be released once the review is completed.

MARKET COMMENT

The uranium market continued to drift somewhat aimlessly despite numerous events that occurred during the quarter that would normally have been expected to have a positive impact on overall sentiment and possibly prices.

In Japan's Kagoshima Prefecture, the Kyushu Electric Power Company's Sendai 1 has been reloaded with fuel and it plans to apply to regulators for the reactor's final 'applied safety inspection' on 3 August. The inspection is expected to take one week, making 10 August a potential start-up date thus making it the first Japanese reactor to generate power in almost two years.

Another 20 reactors are behind Sendai in the restart process, which is expected to gradually speed up after the first few units are back in normal operation. The Japanese government envisages a return to using nuclear power for 20-22% of electricity by 2030 as part of a plan to reduce carbon dioxide emissions by 26% compared to fiscal year 2013. (That year was Japan's second highest on record as a result of its recent reliance on coal and gas and despite a decline in the country's energy consumption.)

India's nuclear profile was raised by a number of recent announcements which included another term supply contract (this time with Kazakhstan), the prohibition of uranium mining in three provinces and its desire to set up a 'strategic uranium stockpile' of between 5,000 tonnes and 15,000 tonnes. Assuming the figures used are tU that would mean a significant stockpile of between 13Mlbs and 39Mlbs U₃O₈.

CORPORATE

DYL completed the Quarter in a solid financial position with cash and liquid assets of approximately \$3.9 million as at 30 June 2015.

During the quarter 1,632,104 shares were issued in relation to shareholder approved payments in lieu of salaries and director fees.

For further information regarding this announcement, contact:

Greg Cochran
Managing Director

Phone: +61 8 9286 6999
Email: info@deepyellow.com.au

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-focused 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

In this report where the Company refers to the results of the Tumas Zone 1 Infill Drilling Exploration Program and the Geophysical Interpretation by consultants Resource Potentials (referencing the release made to the ASX on 16 July 2015), DYL confirms that it is not aware of any new information or data that materially affects the information included in that announcement.

Forward-Looking Statements

Certain statements made in this announcement, including, without limitation, those concerning the preliminary economic analysis of the Omahola Project and the resource potential of the Company's Palaeochannel system located in Namibia, 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.

For personal use only

Annexure 1

Schedule of Mineral Tenure – June 2015

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%	07.05.2016	5% Epangelo # ² 10% Oponona # ³	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		-
Sub-Total					3,109

#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

NORTHERN TERRITORY

Number.	Name	Interest	Expiry Date	JV Parties	Approx. Area (km ²)
EL 24246	Napperby	100%	10.10.16	-	471
Sub-Total					471

QUEENSLAND

Number	Name	Interest	Expiry Date	JV Parties	Approx. Area (km ²)
EPM 14281	Yamamilla	100%	06.07.20	SML # ¹	70
EPM 14916	Ewen	100%	14.04.16	SML # ¹	58
EPM 15070	Prospector	100%	27.03.16	SML # ¹	77
Sub-Total					205
DYL Total					3,785

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

AGREEMENTS

	Approx. Area (km ²)
ABM Resources NL - Northern Territory (100% uranium rights stay with DYL)	17,094
Sub-Total	17,094
Total Area	20,879

For personal use only