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27 April 2007

QUARTERLY REPORT

FOR THE PERIOD ENDING 31 MARCH 2007

HIGHLIGHTS

AUSTRALIA

- **Drilling at Miranda Project (Mt Isa) and subsequent assaying returned results which outlined a broad zone of uranium mineralisation of 12 m at 960 ppm U_3O_8 from 9 m in hole DMRC-001 and 3 m at 730 ppm U_3O_8 from 43 m in hole DMRC-002.**

- **Interpretation of AEM survey data for the Western Gawler Project has been completed and palaeochannels targeted for regional RAB/Aircore drilling.**

- **Exposure to Tanami-Arunta Province increased through new exploration licence applications.**

- **Interpretation of AEM survey data over Siccus Joint Venture tenement in South Australia has identified targets for follow-up drilling.**

- **A regional exploration office with associated infrastructure has been established in Mt Isa as a permanent base.**

NAMIBIA

- **Ministry of Environment and Tourism granted Environmental Clearances, i.e. physical exploration can commence.**

- **Logistical preparation complete with office established and operational staff hired.**

- **RC drilling commenced at the Tubas Prospect.**

- **Receipt of the Environmental Clearances heralds a new phase of intense exploration in Deep Yellow Ltd (DYL's) short history as a uranium explorer and more specifically one of intense activity in Namibia by Reptile Uranium Namibia Pty LTD (RUN).**

CORPORATE

- **Acquisition of 100% of a private company Superior Uranium Pty Ltd (SUPL) through the issue of 20 million fully paid ordinary shares has established DYL as a major player in the highly prospective Mt Isa uranium province.**

- **Option exercised to acquire a 51% interest in the NW Queensland Joint Venture from Matrix Metals Limited through the issue of 21,549,541 fully paid ordinary shares in DYL, which further consolidates the Company's presence in the Mt Isa region.**

- **Agreement reached with Toro Energy Ltd on commercial terms for the farm-in and acquisition of the Napperby Uranium Project.**

- **Paladin Resources Limited increases equity holding in DYL to 11.79%**

The latest increase in the uranium price to US$113 per pound continues to provide both impetus and confidence in DYL's pure uranium focus and its expansion of activities and exploration programmes through mergers and acquisition.

EXPLORATION ACTIVITIES

AUSTRALIAN PROJECTS

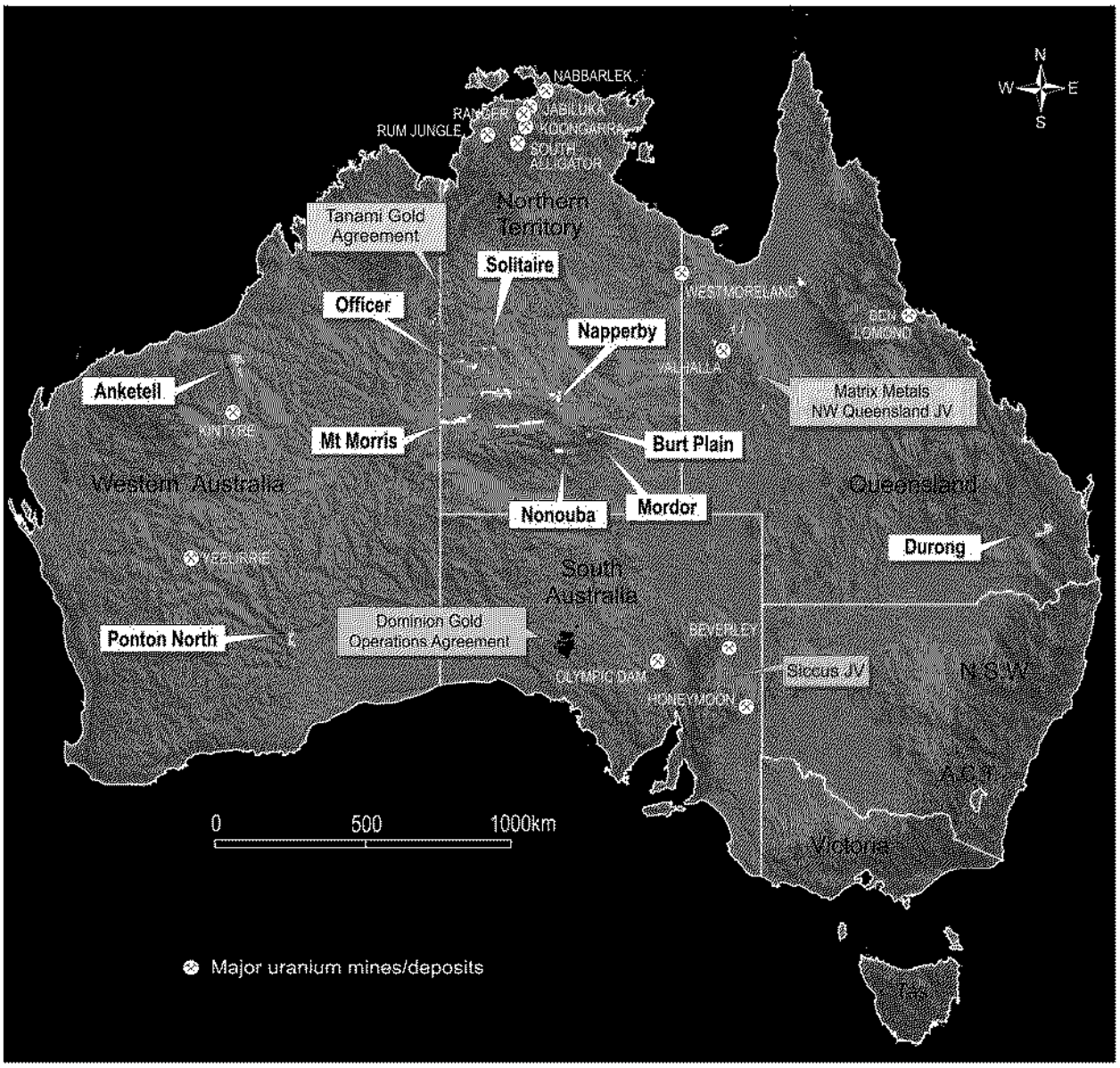

Figure 1: Australian Projects

NORTHERN TERRITORY

Napperby Project

As announced to the ASX on 15 February 2007, DYL and Toro Energy Ltd (Toro) reached agreement on commercial terms for the farm-in and acquisition of the Napperby Uranium Project and its associated tenements EL24246 and EL24606 by Toro. The transaction is subject to due diligence and the negotiation and execution of a binding Sale Agreement.

The disposal of Napperby will allow DYL to proceed with its own newly acquired priority exploration projects while benefiting from Toro's expertise to fully evaluate the Napperby deposit which, if successful, will result in significant returns to DYL shareholders. Toro will benefit from the acquisition of a significant uranium mineralised system containing an Inferred Mineral Resource to JORC standard, with potential for expansion and future development.

Tanami – Arunta Project

DYL made application for four exploration licences (ELA's 25940, 25941, 25953 and 25954) covering 1,810 km^2 which have been accepted by the Department of Primary Industry, Fisheries and Mines (DPIFM). The tenement applications cover interpreted palaeochannels now represented by current day drainages. The extensive sheetwash plains underlying the tenements are sourced from the weathering of the uraniferous granite terrane of the Mt Doreen - Mt Hardy area to the northeast of the Bygrili uranium deposit. The primary target within the tenements is calcrete – hosted uranium mineralisation. In addition granted EL 23637 was transferred from Tanami Gold NL to DYL. The tenement is located 225 km ENE of Alice Springs in the Jervois mineral field.

DYL's exposure to the highly prospective Tanami – Arunta uranium province totals **52,046 km^2** comprising (see Figure 2):

- 12 granted exploration licences covering 4,123 km^2 held 100%.
- 17 exploration licence applications covering 7,965 km^2 held 100%.
- Access to a further 39,958 km^2 of granted exploration licences and applications held by Tanami Gold NL (TGNL).

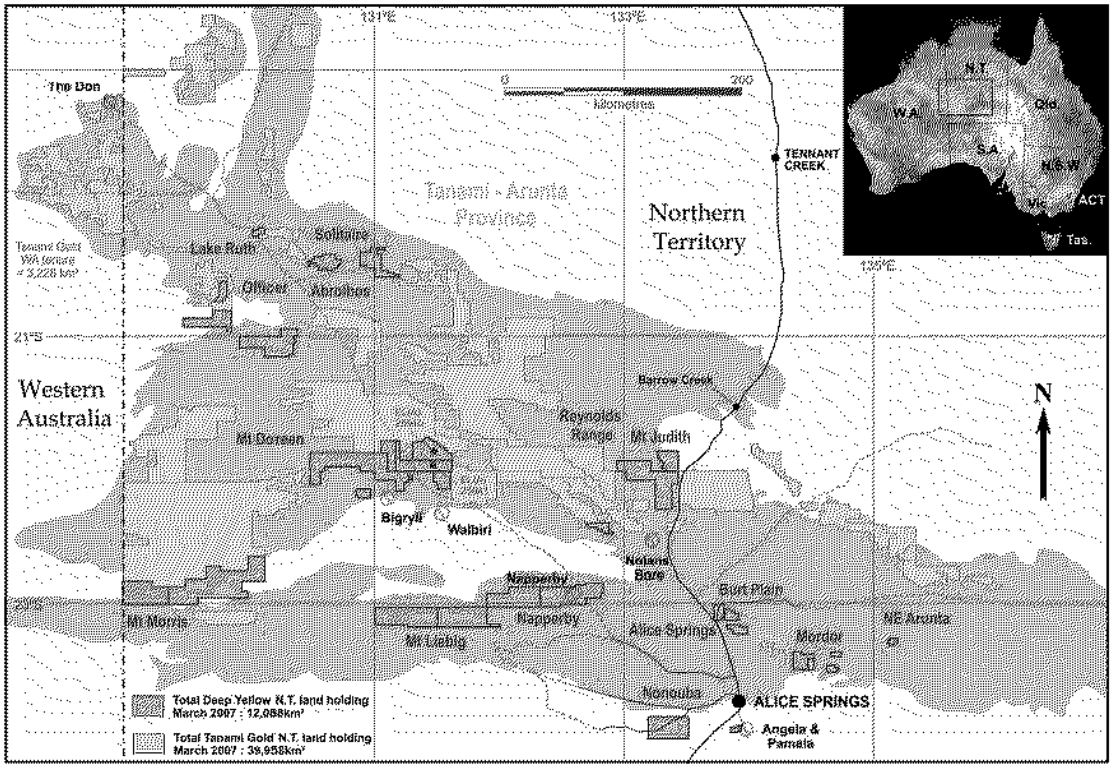

Figure 2: Northern Territory Projects

The target within the majority of the tenement areas is calcrete-hosted uranium mineralisation similar to the Napperby deposit. The potential for this style of mineralisation occurring in buried (palaeo) channels can be rapidly assessed by airborne electromagnetic surveys and 1 to 2 km spaced shallow drill traverses. Other targets include primary unconformity related uranium mineralisation in the Gardner Ranges (NT/WA) and roll-front uranium mineralisation at Nonouba 60 km to the west of the Angela - Pamela uranium deposits (see Figure 2) where previous drilling by Uranerz (1970's) returned up 1 metre at 0.41% (4,100ppm) U_3O_8 within the same reduced sandstone unit that hosts the Angela - Pamela mineralisation.

DYL has also made a submission, ELA 25767 (together with some 34 other companies) to DPIFM to acquire the Angela and Pamela uranium deposits 25 km to the south of Alice Springs where drilling by Uranerz (1973-81) outlined an historic resource estimate for the Angela deposit of 12,650 t of U_3O_8 at a grade of 0.1% (1,000ppm) U_3O_8. The above historic resources and intercepts are quoted by DPIFM.

In summary DYL is constantly assessing and prioritising target areas within the **52,046 km^2** under granted tenure or applications within the Territory. Since early 2005 DYL has fully evaluated and 'relinquished' over 20,000 km^2 of unprospective ground (subject to the agreement with TGNL) and made application for 6,120 km^2 of new ground in the Territory.

QUEENSLAND

Mt Isa District

As announced to the ASX (5th February, 2007) DYL has acquired 100% of a private company Superior Uranium Pty Ltd (SUPL) which owns 100% of four granted uranium Exploration Permits (EPMs) and two EPM applications in northwest and north Queensland from Superior Resources Limited (SRL) an unlisted Queensland base metal explorer.

The acquisition of the four granted EPM's and one EPM Application (see Figure 3) in the Mt Isa district covering **1,060 km^2** together with the uranium rights to a further **4,436 km^2** subject to the NW Queensland Joint Venture with Matrix Metals Ltd establishes DYL as a major player in this highly prospective uranium province. In order to support its on-going commitment to regional and detail exploration programmes in the district DYL has established an exploration office with associated infrastructure in Mt Isa as a permanent base.

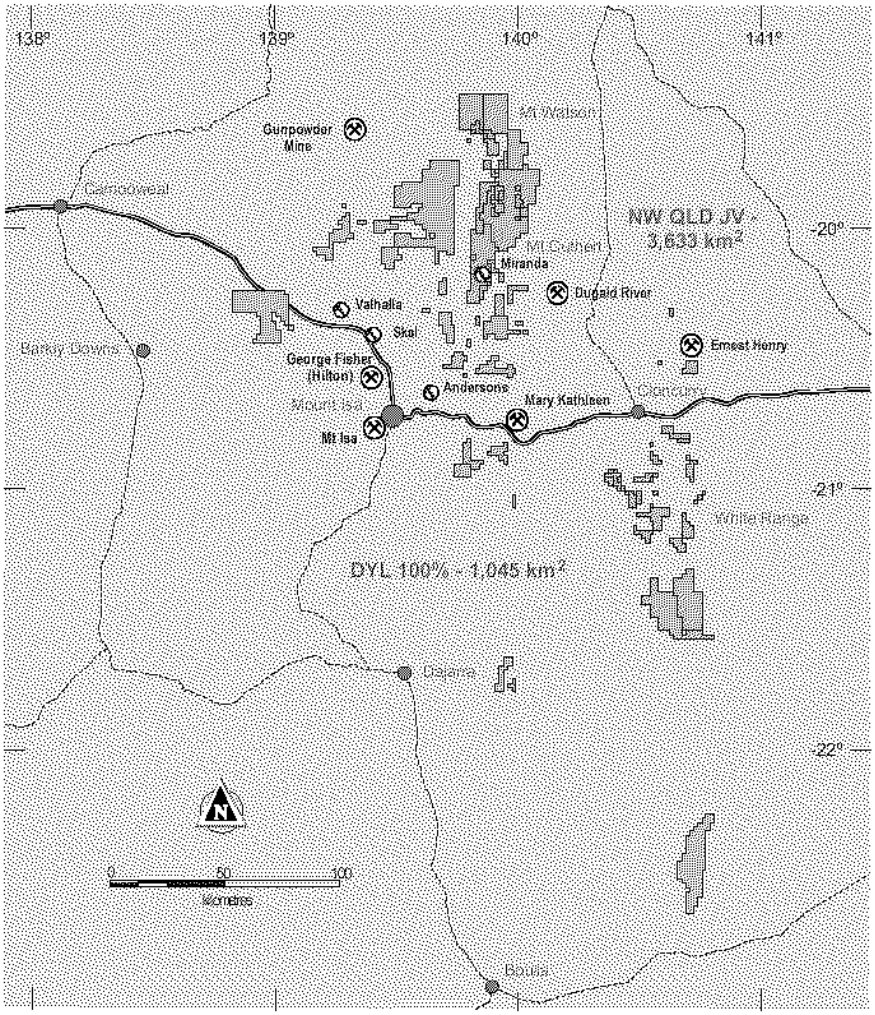

Figure 3: Mt Isa District Tenements

The acquisition of the SUPL tenements has established DYL as a major player in the highly prospective uranium rich Mt Isa district through:

- Access to immediate drill targets for Valhalla-Skal type uranium mineralisation at the **Queens Gift** and **Calton Hills** prospects.
- Access to a number of untested surficial uranium anomalies also to the north and east of the Valhalla-Skal deposits.
- An opportunity to explore for shallow secondary uranium deposits associated with younger cover sequences to the Mt Isa Inlier basement rocks.

DYL is planning to commence RC percussion drilling on the Prospector EPM in June, 2007.

Prospector EPM is located approximately 65 km north of Mount Isa (see Figure 4) the tenement covers a number of airborne radiometric anomalies and known uranium occurrences. **The primary target is Proterozoic basement hosted Valhalla – Skal type mineralisation.**

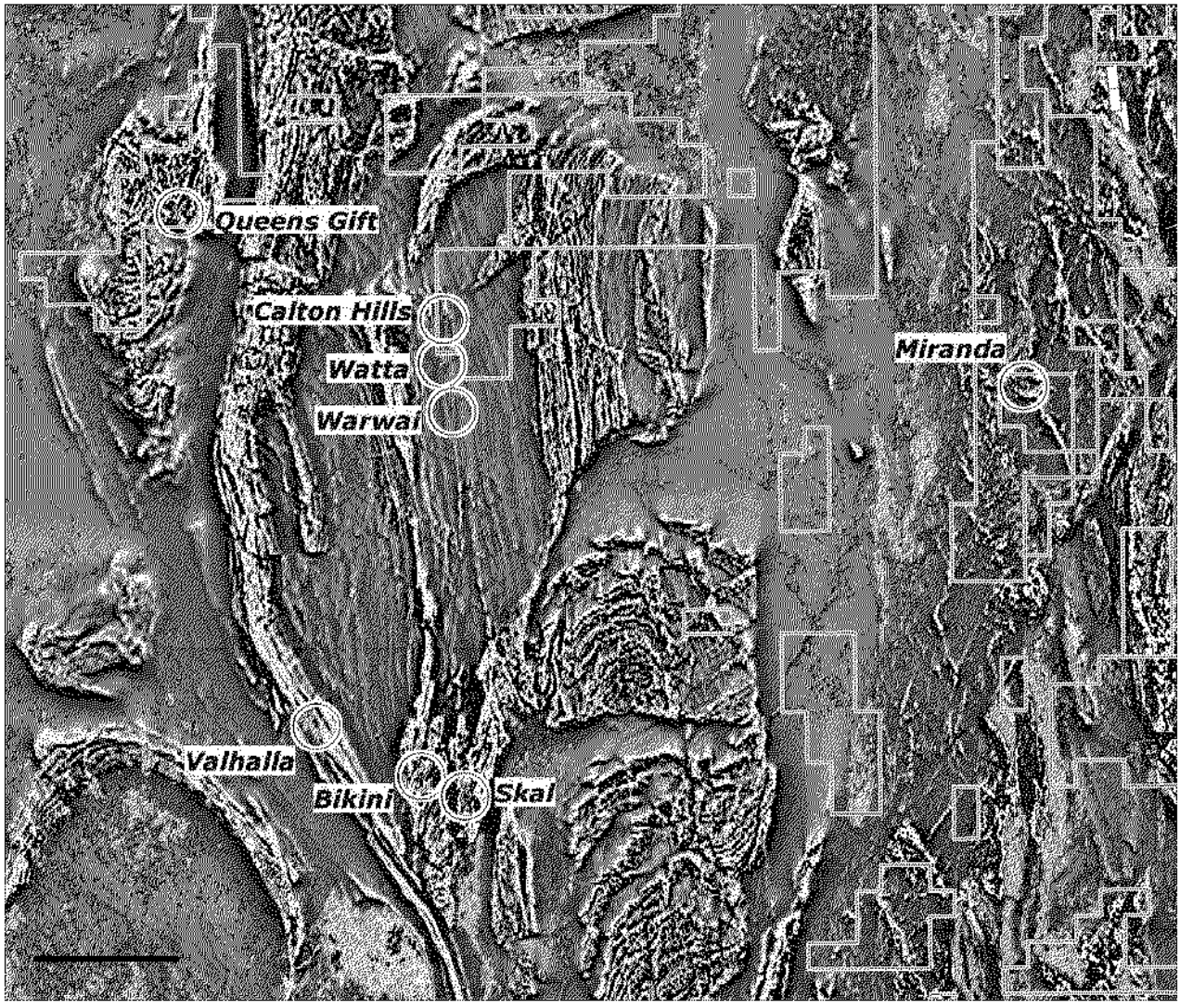

Figure 4: Mt Isa - Uranium anomalism on magnetic image

Queens Gift Prospect: At the Queens Gift, three significant radiometric anomalies within units of the Eastern Creek Volcanics lie in a zone which trends to the west of north and extends over a distance of greater than 1 km.

Previous drilling returned a number of significant shallow intersections that require follow-up drilling, namely:

- 26 m at 470 ppm U_3O_8 from 36 m
- 1.5 m at 1,200 ppm U_3O_8 from 21.5 m
- 5 m at 800 ppm U_3O_8 from 49 m
- 4.5 m at 910 ppm U_3O_8 from 32.5 m

At surface, uranium mineralisation in this area occurs over a width of approximately 20 m with the zone of mineralisation registering over 1,500 cps on the hand held scintillometer where it outcrops. This zone occurs within a broader zone of lesser radioactivity some 30 m to 40 m across. Five samples were collected by SUPL from the central area of mineralization with one sample being collected from a local area giving up to 8,000 cps. Assaying of samples revealed grades up to 1,890 ppm U_3O_8.

Sampling of the Queens Gift outcrop area by DYL's consultant geologist returned a maximum value of 3,530 ppm U_3O_8 from an iron carbonate altered chloritic schist.

Calton Hills Prospect: This covers a prominent airborne uranium radiometric anomaly. The anomaly lies 3 km to the north of the Watta and Warwai uranium prospects of Summit Resources.

The Calton Hills uranium anomaly is of high order and roughly circular with dimensions of 400 to 500 m. It is more prominent than the uranium anomalies that lie over the Watta and Warwai prospects (described below). The strongest part of the anomaly overlies a roughly east-trending fine grained ironstone unit, which outcrops along a low ridge. The ironstone appears to be dipping northerly at about 15° and it appears to extend under cover to the east. Generally the ironstone gives a strong radiometric response above 1,000 cps with the hand-held scintillometer over a strike length of about 100 to 150 m. A surface assay from the ironstone returned up to 270 ppm U_3O_8 and 690 ppm Cu.

The Watta deposit 3 km to the south of the tenement was the focus of much of the work and was eventually drilled to obtain material for metallurgical testing by MKU in 1981 prior to the closure of the Mary Kathleen mine. It was tested by MKU on the basis that of all prospects in the district it was estimated to contain the most significant resource (2,000 tonnes U_3O_8 at a grade of about 450 ppm U_3O_8). The potential of the area was also considered by MKU to be enhanced by being located on a 2.5 km long zone of mineralisation that extended into Warwai where 150 tonnes U_3O_8 at a grade of 1,200 ppm U_3O_8 had been estimated. The program by MKU was in joint venture with AGIP which retained Watta as one of only seven mining leases for uranium it still held throughout the district in the mid-1980s. MKU drilled HQ size holes in close proximity to pre-existing holes to maximise intersecting and obtaining mineralised samples.

In addition to the test work MKU estimated an historic resource of 650,000 tonnes at a grade of 700 ppm U_3O_8 containing 450 tonnes U_3O_8 using a 500 ppm U_3O_8 cut-off grade and 4,200,000 tonnes at a grade of 450 ppm U_3O_8 containing 1,900 tonnes U_3O_8 using a 300 ppm U_3O_8 cut-off grade.

Drill intersections for the Watta deposit recently reported by Summit Resources include:

- 55 m at 500 ppm U_3O_8
- 47 m at 500 ppm U_3O_8
- 7 m at 1,100 ppm U_3O_8
- 13 m at 600 ppm U_3O_8
- 15 m at 800 ppm U_3O_8
- 26 m at 500 ppm U_3O_8

The highly prospective Calton Hills airborne radiometric anomaly has a greater intensity and aerial extent than the drill proven Watta prospect and has potential for strike continuity under shallow cover to the east of the prospect.

The Prospector EPM and the Queens Gift and Calton Hills Prospects are readily accessible from existing tracks and it is DYL's intention to fast track the prospects to drilling stage as early as possible in the 2007 field season. In advance of the drilling a low-level detail radiometric and magnetic survey will be flown over selected targets within the 100% held tenements.

NW Queensland Joint Venture (Earning 80%)

As announced to the ASX on 28th February, 2007 DYL issued 21,549,541 fully paid ordinary shares in DYL to Matrix Metals Ltd (Matrix) in order to take up its right to acquire a 51% interest in the NW Queensland Joint Venture (JV) from Matrix.

Under the terms of the Heads of Agreement between DYL and Matrix (ASX 20 February 2006) DYL must spend a further $2.6 million on exploration by 28 February 2009 to acquire a 51% interest in the Joint Venture. DYL will then have the option to acquire a further 29% in the JV by payment of $3 million to Matrix and can ultimately go on to purchase 100% of the uranium rights of each declared project area.

The decision to proceed to the next stage of the initial earn–in of 51% interest in the Joint Venture was in part driven by the excellent assay results returned from the recent drill programme at the Miranda Prospect (ASX 12 February 2007) which outlined a **broad zone of uranium mineralisation** including significant intersections of **12 m at 960 ppm U_3O_8** from 9 m in hole DMRC-001 and **3 m at 730 ppm U_3O_8** from 43 m in hole DMRC-002. Previous drilling at Miranda by CRAE in 1982 returned **18 m at 810 ppm U_3O_8** from 30 m depth and surface rock chips collected by Matrix 100 m NNE of the drill holes assayed up to 1.18% U_3O_8.

Details of the drill intercepts are as follows:

- **DMRC-001** - 60 m at 233 ppm U_3O_8, including **12 m at 960 ppm U_3O_8** from 9 m downhole.
- **DMRC-002** - 78 m at 47 ppm U_3O_8, including **3 m at 730 ppm U_3O_8** from 43 m downhole.

Miranda (EPM 14281): At the Miranda Prospect two holes were drilled to undercut a bedrock uranium anomalous zone (peak assay 0.964% (9,640 ppm)) U_3O_8.

The first hole (DMRC-001) was drilled 20 metre northeast of the 1982 CRA percussion hole which returned 18m @ 0.081% (810 ppm) U_3O_8 from 30 metre downhole. Both holes 001 and 002 intersected variably chlorite-magnetite altered, weakly pyritic granitoid, which contained inclusions of (magnetite)-(quartz)-chlorite-schist occurring either as brecciated blocks or in strongly foliated, structurally deformed zones.

Hole DMRC-002 undercuts DMRC-001 by 15 metre horizontal collar move, both holes were drilled at -60° to NE. DMRC-002 should preferably have been drilled to 90 metre depth, but bushfire encroachment prevented this.

The uranium mineralisation at Miranda is associated with magnetite-pyrite-chlorite alteration. Multi-element analysis returned no copper or gold association with the uranium mineralisation. The iron oxide and chloritic alteration association however will be a useful indicator in regional mapping of radiometric/magnetic anomalies in the district.

A low-level detail radiometric and magnetic survey will be flown over selected target areas within the Joint Venture tenements in order to provide more detail for drill targeting of existing regional anomalies and to provide additional target delineation within the tenements.

Lochness (EPM 14916): Although broad zones of anomalous uranium values to 68 ppm U_3O_8 are present at the Lochness and Lochness North Prospects, the results were disappointing given the strongly limonite-altered gossanous mudstones units intersected and the rock chip values of surface samples of the limonite gossan material that returned assays up to 240 ppm U_3O_8. Structural mapping will be carried out prior to further drilling.

In addition to a planned follow-up detailed drill programme at the Miranda Prospect and further regional exploration in the Mt Cuthbert tenements (see Figure 4) there are numerous uranium anomalies within Matrix's White Range project area to the south of Cloncurry which require follow-up mapping, sampling and drilling in order to fully evaluate their uranium potential.

The NW Queensland Joint Venture will now be run by a Queensland based exploration team from DYL's permanent base in Mt Isa. The NW Queensland JV tenements (4,436 km^2) together with the recently acquired Superior Uranium Pty Ltd's tenements (1,060 km^2) now provide DYL with a broad range of uranium deposit styles in the this highly prospective uranium province.

Durong Project

DYL (90%) and SRL (10%) applied for five EPMs over an area of 1,550 km^2 in the Kingaroy – Chinchilla district South East Queensland. The four granted EPMs and one application cover approximately 50 km strike of a southwest trending palaeochannel. The 'headwaters' of the palaeochannel comprise the outcropping Boondooma Granite which has a reasonably high uranium content as indicated by the airborne radiometric survey data.

The Durong Project is a greenfields conceptual target where the granite is seen as a potential source of uranium for the development of sandstone/roll front style uranium deposits in the organic rich Tertiary stream channels.

Following the acquisition of SUPL, DYL now owns 100% of the Durong Project.

An AEM survey is currently being flown over the tenements in order to delineate the extent of the buried palaeochannel system and potential sites for uranium deposition. Preliminary data should be available in mid-May.

SOUTH AUSTRALIA

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

During the quarter DYL completed its review of the uranium potential of the Western Gawler palaeochannel systems and of the AEM survey data. Palaeochannels are widespread and extensive on the Gawler Craton and form an onshore extension to the Tertiary Eucla Basin. They are deeply incised into weathered Proterozoic and Precambrian crystalline and sedimentary basement and display a strong structural control.

Despite being relatively unexplored, the Tertiary palaeochannel systems are known to host several uranium deposits including the Yarranna 1-4 Deposits (Narlaby Palaeochannel) and the Wynbring, Ealbara and Warrior Deposits (Kingoonya Palaeochannel). Indications of anomalous radioactivity are widespread within the region with uranium mineralisation believed to have been derived from the weathering of crystalline Proterozoic rocks and emplaced at suitable redox boundaries within the overlying sedimentary cover. In general, palaeochannel and mineralisation style resembles that seen at Honeymoon (Curnamona Province) where mineralisation is hosted by carbonaceous Eocene sands and blanketed by Miocene clays.

Exploration within the region seeks to target suitable redox boundaries developed within palaeochannel sands of the overlying Tertiary and Mesozoic succession. Carbonaceous channel sands of the Eocene Pidinga Formation form the major exploration target.

The four Dominion Gold Operations Pty Ltd (DOM) tenements being explored cover the Anthony Palaeochannel and its tributaries. The AEM survey has proven to be particularly effective in delineating buried palaeochannels (see Figure 5), especially the Anthony Palaeochannel, together with several tributary channels. In the southern portions of the tenement area the survey has also defined a 5km northwards extension to the tributary channel hosting the Wynbring Uranium Deposit.

DYL will undertake a minimum 12,000 metre RAB/Aircore drill programme on 1 to 2 kilometre spaced traverses across the newly identified channel systems. The drilling will initially target the delineation of preferred host lithologies and the presence of redox fronts. Plans showing the areas to be drilled have been submitted for clearance by the traditional Aboriginal owners under DOM's access Agreement. A drill rig has been secured and drilling is scheduled for June/July pending clearances.

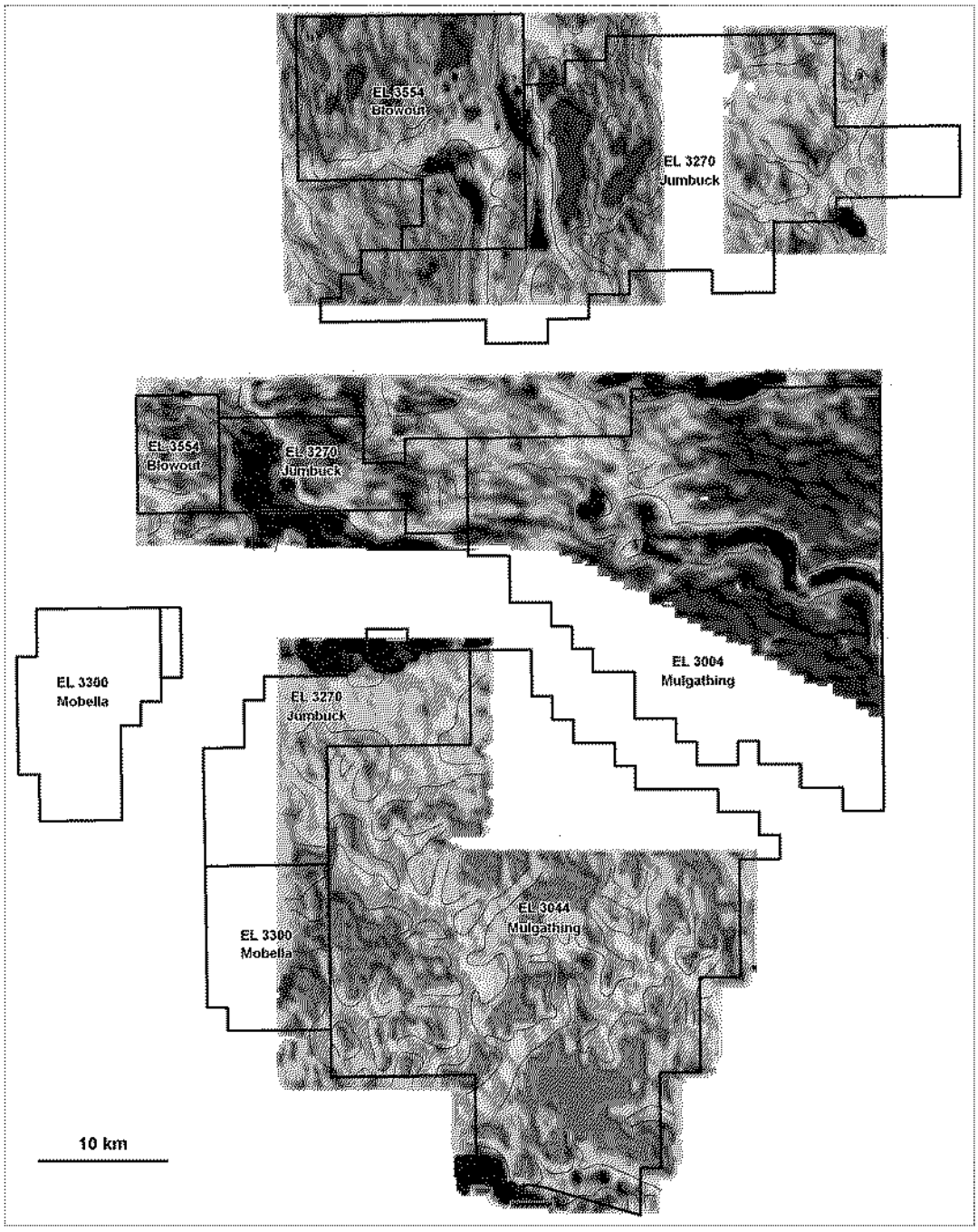

Figure 5: Palaeochannel development - red/yellow features

Siccus Joint Venture (DYL 90%)

EL 3288 is located to the southwest of Lake Frome in a geographical setting very similar to that seen at the Beverley Mine and Honeymoon Mine.

Mineralisation at Beverley is hosted by the Beverley Sands (Namba Formation) which were deposited into a structural depression created by movement on the Poontana Fault. Palaeochannel sands of the Eyre Formation occur at depth beneath the Namba Formation and host roll-front uranium mineralisation at the Beverley Four-Mile Deposit.

Preliminary Interpretation of DYL's AEM survey over EL 3288 suggest the presence of a structure similar to the Poontana Fault (at Beverley) along the western margin of the tenement locally controlling sedimentation on the basin margin.

The tenement has received little attention in the past 20 years however a review of available historical data reveals that two drill holes (see Figure 6) within the tenement intersected anomalous uranium values within the Namba Formation (Beverley Sands equivalent). Historical drilling in the region generally did not penetrate deep enough to intersect the Eyre Formation so the potential for Honeymoon-Style mineralisation within the tenement remains untested.

The JV partners are planning a June-July drill programme that will target both 'Beverley-Style' mineralisation, hosted by sands within the Namba Formation (Miocene), and 'Honeymoon-Style' mineralisation within carbonaceous sands of the Eyre Formation (Eocene).

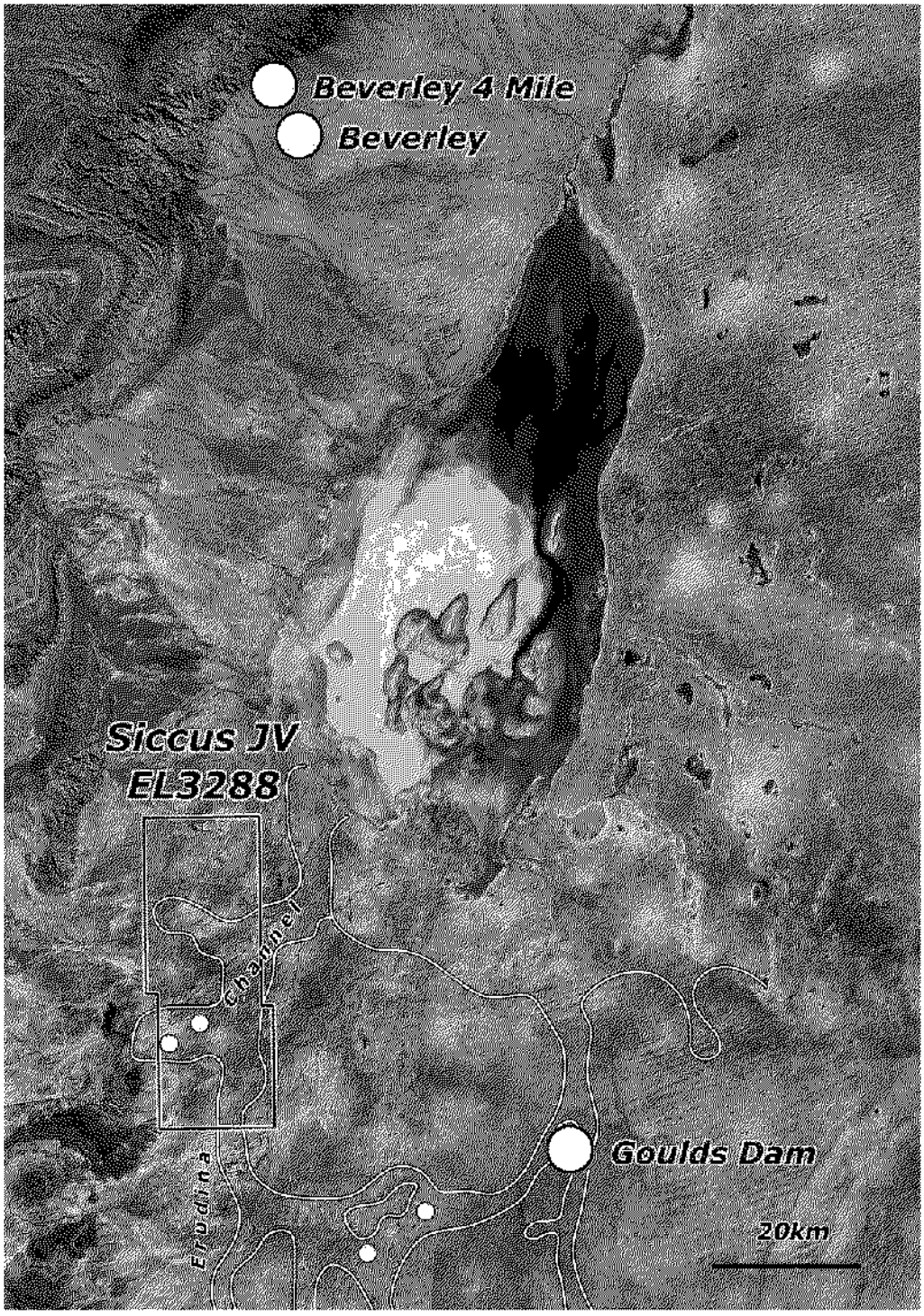

Figure 6: Location of anomalous drill holes in EL 3288

NAMIBIA

REPTILE PROJECT

- **Grant of Environmental Clearances for exploration activities on all three granted EPLs.**
- **Physical exploration and evaluation of 1970/80s uranium resources is now possible.**
- **Issue of Free to Enter Permits to Namib Naukluft Park for RUN personnel and vehicles and to allow aerial geophysical surveys.**
- **Drilling of the Tubas Prospect commenced on Saturday 21 April 2007.**
- **Tenders have been called for the flying of an electromagnetic survey to locate deeper uranium mineralised palaeochannels such as Langer Heinrich, as well as separate airborne magnetic and radiometric surveys to locate primary "alaskite hosted" uranium mineralisation such as Rossing.**

RUN has been issued with Environmental Clearances from the Ministry of Environment and Tourism (MET) to commence exploration activities on all three of its granted Exclusive Prospecting Licences (EPLs 3496, 3497 and 3499).

Although Reptile Investments Four (Pty) Ltd (name now changed to RUN) was granted the EPLs by the Ministry of Mines and Energy in June 2006, commencement of any physical exploration on the areas was not possible until approval of the Environmental Impact Assessment and Management Plan was given by the MET.

On 13 October 2006 DYL announced to the ASX the past (pre-JORC) exploration results from this exciting project area as stated in Table 1 below:

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**

Since DYL took ownership of RUN, the Company has diligently worked at preparing itself for the go-ahead to commence physical exploration activities on the tenements. To this end RUN purchased an industrial site in Swakopmund to serve as an exploration office, logistical base and future analytical sample preparation facility. It has also purchased two three bedroom units to accommodate field staff when in town.

The bulk of the historical exploration data has been sourced and acquired and reprocessing to modern GIS standards is almost complete.

RC Drilling Services Namibia (Pty) LTD whose principals carried out most of the resource drilling at Langer Heinrich has been awarded an open-ended drilling contract. Drilling commenced on 21 April within the shallow resources previously outlined by Anglo American at Tubas (see Table 1). Once the airborne electromagnetic surveys have been completed over the entire tenement areas any more deeply incised palaeochannels outlined under the desert sand cover similar to Langer Heinrich will become the focus of drilling programmes into the future.

RC Percussion Drilling – Tubas Prospect

RUN has successfully sourced and employed 13 staff members – 10 Namibian and 3 South Africans. Included are nine highly experienced and qualified technical people to form the core of its permanent geological, geophysical, environmental and laboratory staff requirements.

Receipt of the Environmental Clearances heralds a new phase of intense exploration in DYL's short history as a uranium explorer and more specifically one of intense activity in Namibia by RUN.

CORPORATE

Acquisition of Superior Uranium Pty Ltd

During the period DYL completed the acquisition of 100% of the private company Superior Uranium Pty Ltd (SUPL) which holds 100% of four granted uranium Exploration Permits (EPMs) and two EPM applications in northwest and north Queensland.

In consideration for the acquisition of SUPL, DYL has issued 20 million fully paid ordinary shares to the soon to be listed (on ASX) Superior Resources Limited (SRL) a Queensland base metal explorer.

The acquisition also includes SRL's 10% holding in the five Durong Project EPMs in southwest Queensland, giving DYL 100% ownership of that project area.

The acquisition of the four granted EPM's and one EPM Application in the Mt Isa district covering **1,060 km^2**, together with the uranium rights to a further **4,436 km^2** subject to the **NW Queensland Joint Venture** with Matrix Metals Ltd, establishes DYL as a major player in this highly prospective uranium province. In order to support its ongoing commitment to regional and detail exploration programmes in the district DYL has established an exploration office with associated infrastructure in Mt Isa as a permanent base.

Decision to Proceed with Earn-In on NW Queensland Joint Venture

Following the excellent assay results returned from the December drill programme at the Miranda Prospect, which outlined a broad zone of uranium mineralisation, the DYL Board resolved to proceed with the initial earn-in on the NW Queensland Joint Venture.

Under the terms of the Heads of Agreement between DYL and Matrix Metals Limited (Matrix) (ASX 20 February 2006) DYL had the right to commence the initial earn-in to acquire a 51% interest in the NW Queensland Joint Venture. As announced to the ASX on 28th February, 2007 DYL exercised that right and issued 21,549,541 fully paid ordinary shares in DYL to Matrix as part consideration for the earn-in.

DYL must now spend a further $2.6 million on exploration by 28 February 2009 to complete the earn-in and acquire a 51% interest in the Joint Venture. DYL will then have the option to acquire a further 29% in the JV by payment of $3 million to Matrix and can ultimately go on to purchase 100% of the uranium rights of each declared project area.

Agreement Reached for the Farm-In and Sale of the Napperby Project

On 15 February 2007 the Boards of DYL and Toro Energy Ltd ("Toro") announced that they had reached agreement on commercial terms for the farm-in and acquisition of the Napperby Uranium Project and its associated tenements EL24246 and EL24606 by Toro.

The proposal provides Toro with a 3 year period to advance the Napperby project toward development with the option to acquire 100% of the project by paying DYL for the in-ground resource on certain commercial terms. Finalisation of the transaction is subject to due diligence and the negotiation and execution of a binding Sale Agreement.

The principal commercial terms are as follows: -

1. Toro will make an upfront payment of A$2.3 million by issuing to DYL upon execution of the Sale Agreement, 3,066,667 Toro shares, based upon the 30-day Volume Weighted Average Price ("VWAP") on the 12th February of A$0.75 share.

2. Toro agrees to spend a minimum of A$750,000 per year for a three year period on the historically defined mineralised zone at Napperby to delineate and upgrade resources to JORC (2004) standard.

3. Toro can elect to acquire 100% of the project at any time during the 3 year period by paying DYL an amount based on the agreed JORC resources (or, if acquired prior to full conversion to JORC standard, 13.2 million pounds) and 8% of the spot US$ uranium price within a band of A$4.50 and A$6.00 per pound U_3O_8. At Toro's election the consideration may be any combination of cash and shares.

   For example, assuming resources of 13.2 million pounds U_3O_8, Toro will pay DYL between A$59 and A$79 million based upon a sliding scale between A$4.50 per pound of U_3O_8 (if the spot uranium price is A$56/lb or lower) and A$6.00 per pound of U_3O_8 (if the spot uranium price is A$75/lb or greater).

   The Agreed Resource will be based on recalculated JORC standard resources covering the Uranerz defined mineralisation (which could be greater or less than 13.2mlb). The parameters of recalculating the resource and the relevant area will be agreed between DYL, Toro and their respective consultants.

4. The acquisition cost will be reduced by the upfront payment (refer point 1 above).

5. On acquisition, Toro will inherit the 2% gross royalty payable to Paladin Resources Limited. In addition, a 3% gross royalty will be payable to DYL on production above the lesser of either 13.2 million pounds U_3O_8 or the agreed JORC resources used to reference the acquisition cost and provided the uranium spot price is 15% greater than the spot uranium reference price at time of acquisition.

Toro may withdraw from the Sale Agreement at any time subject to the upfront payment of A$2.3 million being settled and all agreed expenditure being met on a pro-rata basis.

The DYL Board's rationale for the sale of the Napperby project to Toro is to allow DYL to focus on its advanced exploration projects in Namibia, the Mt Isa district and recognised regional targets throughout Australia while allowing the Napperby project to be advanced as well as benefiting DYL's shareholders through a retained equity interest in Toro and possible royalties on production.

Uranium Resources Limited

The DYL Board resolved to sell the Company's 6 million shares in London Stock Exchange (AIM) listed company Uranium Resources Limited (URA). The shares were part of the consideration paid by URA for the acquisition of tenements in Tanzania.

The sale occurred on April 13th and realised £361,595 net of expenses (approx. A$860,000).

Dr Leon Pretorius
Executive Chairman
Deep Yellow Limited

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Executive Director
(08) 9286 6999

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.

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	**31 MARCH 2007**

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (9 months) $A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for		
	(a) exploration and evaluation	(614)	(1,990)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(291)	(832)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	338	703
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	3
	Net Operating Cash Flows	(567)	(2,116)
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a) tenements	(110)	(2,928)
	(b) equity investments	-	-
	(c) other fixed assets	(495)	(737)
	(d) environmental bonds	-	(20)
1.9	Proceeds from sale of:		
	(a) tenements	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
	(d) environmental bonds	-	177
1.10	Loans to other entities	-	-
1.11	Loans repaid from other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	(605)	(2,518)
1.13	Total operating and investing cash flows (carried forward)	(1,172)	(5,634)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(1,172)	(5,634)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc. (Costs of the issue)	(69)	15,531
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	(69)	15,531
	Net increase (decrease) in cash held	(1,241)	9,897
1.20	Cash at beginning of quarter/year to date	25,349	14,211
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	**24,108**	**24,108**

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	108
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors remuneration and consultancy fees.

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

$9,500,000 increase in issued share capital comprising 20,000,000 ordinary shares issued in consideration for the acquisition of Superior Uranium Pty Ltd.

$9,158,555 increase in issued share capital comprising 21,549,541, ordinary shares issued in part consideration for the initial earn in to NW Queensland JV pursuant to an agreement with Matrix Metals Limited.

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	
3.2	Credit standby arrangements	N/A	

Estimated cash outflows for next quarter

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

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	24,108	25,349
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	**24,108**	**25,349**

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	NIL			
6.2	Interests in mining tenements acquired or increased	E80/1735	Granted	0%	100%
		EL 23637	Granted	0%	100%
		EPM 15070	Granted	0%	100%
		EPM 15072	Granted	0%	100%
		EPM 15194	Granted	0%	100%
		EPM 15249	Granted	0%	100%
		EPM 15615	Granted	90%	100%
		EPM 15620	Granted	90%	100%
		EPM 15621	Granted	90%	100%
		EPM 15622	Granted	90%	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**	996,983,238	996,983,238		
7.4	Changes during quarter (a) Increases through issues	41,549,541	41,549,541		
	(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* 12,500,000 6,000,000 4,000,000 16,000,000 3,500,000 3,500,000	 - - - - -	*Exercise Price* 8.5 cents 21.5 cents 31.5 cents 55.5 cents 45 cents 60 cents	*Expiry Date* 31/7/2008 31/12/2008 31/12/2008 30/11/2009 31/12/2009 31/12/2010
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	160,000	-	35 cents	01/01/2007
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.

Sign here: ..... Date: 27 April 2007
(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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