

27 July 2012

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 30 JUNE 2012

HIGHLIGHTS

Corporate

- \$10.5 million non-renounceable rights issue underway, underwritten to \$5.8 million, with major shareholder support.
- Heads of Agreement reached to terminate Raptor Partners Limited's Namibian Earn-Out Rights on DYL's four wholly owned Exclusive Prospecting Licences.
- AIM listing investigated to capitalise on substantial UK and European investor interest in the Company's high quality Namibian projects.

Strategic Update

- Strategic update presented to the market with overheads and exploration spend significantly reduced for 2012-2013 financial year; activities prioritised to protect and add value to core projects so as to be in a strong position when markets improve.
- Continued focus on the flagship Omahola Project with Mineral Resource upgrades, metallurgical testwork and mining studies to commence in the coming months.
- Portfolio restructuring underway with divestment planned of Shiyela, Nova Energy Namibia Exclusive Prospecting Licences and the Australian exploration portfolio.

Outstanding Namibian Exploration Results at Ongolo and MS7

- The 2012 Drill Programme continued with up to 7 rigs in operation.
- Multiple high grade intercepts were made and confirmed by XRF Fusion chemical assays.
- Apart from the ongoing outstanding results at the Ongolo and MS7 alaskite deposits, a new discovery, Ongolo South, was confirmed.
- At Ongolo, these included:
 - ALAR1241 24 metres at 726 ppm U₃O₈ from 67 metres
 - ALAR1243 61 metres at 424 ppm U₃O₈ from 138 metres
 - ALAR1247 39 metres at 611 ppm U₃O₈ from 105 metres
- Whilst at MS7 results were similarly outstanding:
 - ALAR1134 54 metres at 405 ppm U₃O₈ from 28 metres
 - ALAR1135 26 metres at 438 ppm U₃O₈ from 83 metres
 - ALAR1222 158 metres at 448 ppm U₃O₈ from 105 metres
- In addition, the discovery of a new prospect, Ongolo South, was confirmed:
 - ALAR939 18 metres at 681 ppm U₃O₈ from 103 metres
 - ALAR1097 10 metres at 2,261 ppm U₃O₈ from 146 metres
 - ALAR1121 11 metres at 469 ppm U₃O₈ from 109 metres
- Infill resource drilling is continuing in the MS7-Ongolo region.

Shiyela Iron Project

- Testwork to enable the reassessment of the Shiyela deposit to incorporate low magnetite – high hematite material (initially considered waste) is progressing.
 - The objective of the testwork is to increase the size and confidence of the JORC Compliant Resource Base, which should significantly enhance project economics if successful.
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BUSINESS REVIEW

NAMIBIA

CORPORATE

Strategic Update

A strategic update was presented to the market with overheads and exploration expenditure significantly reduced for the 2012-2013 financial year. All activities have been prioritised to protect and add value to the Company's core projects to ensure that DYL will be in a strong position when markets improve. DYL reaffirmed its confidence in and ongoing focus on the flagship Omahola Project with Mineral Resource upgrades, metallurgical testwork and mining studies planned to commence in the coming months.

Plans to simplify the portfolio include the future divestment of the Shiyela Iron Project and a proposal to conclude an agreement with Rio Tinto Mining and Exploration Limited to earn into and become the operator of the three Nova Energy Namibia Exclusive Prospecting Licences.

OMAHOLA PROJECT

The 2012 drill programmes at Ongolo and MS7 continued throughout the quarter with a total of seven drill rigs in operation, comprising six Reverse Circulation (RC) rigs and one diamond core (DC) rig. The programmes are primarily designed to increase the size and confidence of the project's resource base as well as to test for lateral and depth extensions and/or satellites to these deposits (Figures 1, 2, and 3). The drill programmes consistently delivered outstanding results throughout the quarter, with the best intersection at MS7 giving 448 ppm U₃O₈ over 158 metres from 105 metres and 424 ppm U₃O₈ over 61 metres from 138 metres at Ongolo. In addition, the discovery of the Ongolo South prospect, some 2 kilometres south of Ongolo was confirmed with a best result delivering 2,261 ppm U₃O₈ over 10 metres from 146 metres.

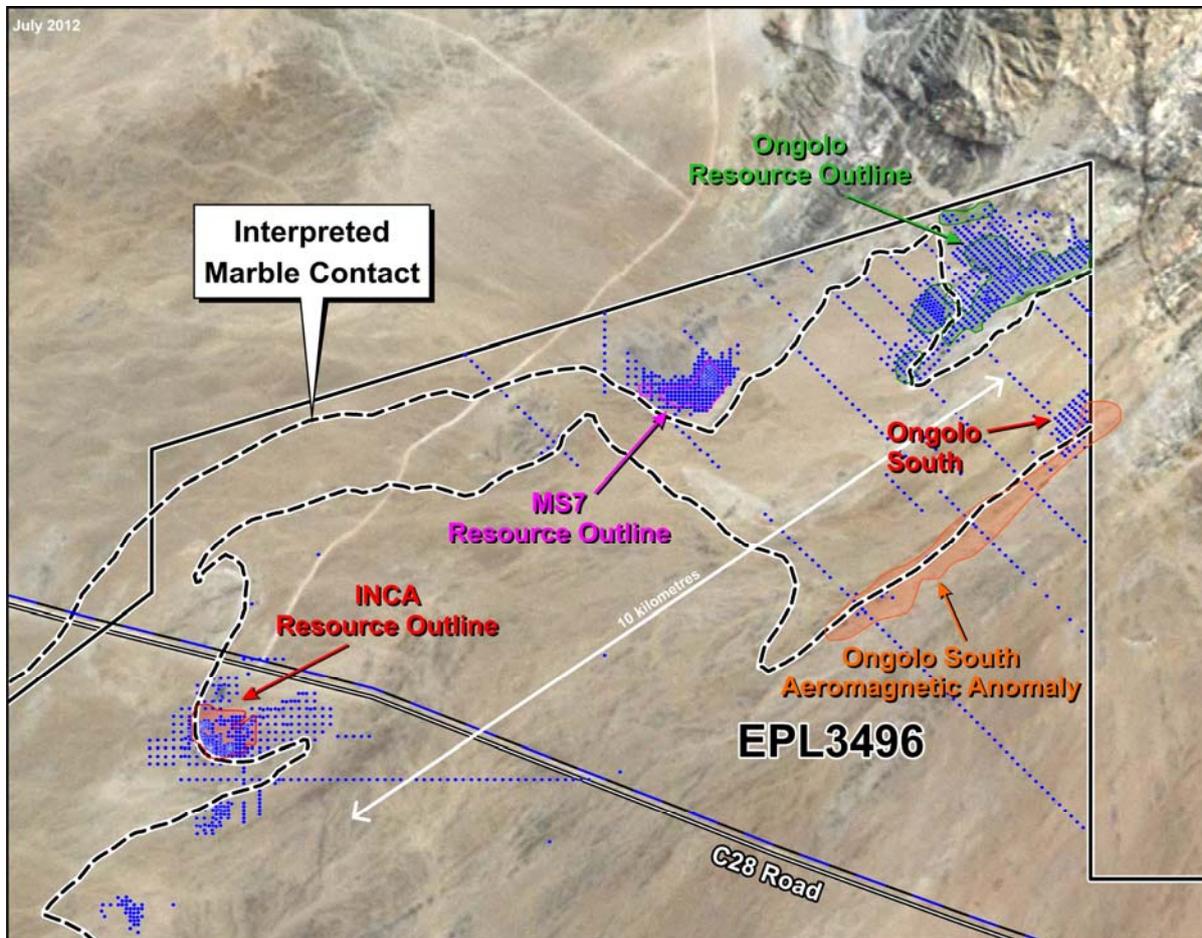


Figure 1: Resource Outlines and Drilling – Ongolo - MS7 - INCA Area



Ongolo Drilling

There were some exceptional intersections from the south west sector of the Ongolo deposit (Figure 2) that outlined a relatively shallow, wide high grade zone which is open to depth and to the WSW. This zone will be tested by further drilling in the coming months ahead of a JORC Mineral Resource update, expected to be completed before the end of the year. The results provided continuity between resource blocks outlined by previous drilling and also successfully outlined mineralisation in new areas. Selected significant results include:

- **ALAR1241** 24 metres at 726 ppm U₃O₈ from 67 metres
- **ALAR1242** 21 metres at 502 ppm U₃O₈ from 171 metres
- **ALAR1243** 61 metres at 424 ppm U₃O₈ from 138 metres
- **ALAR1246** 11 metres at 412 ppm U₃O₈ from 105 metres
- **ALAR1247** 39 metres at 611 ppm U₃O₈ from 105 metres
- **ALAR1249** 19 metres at 903 ppm U₃O₈ from 126 metres

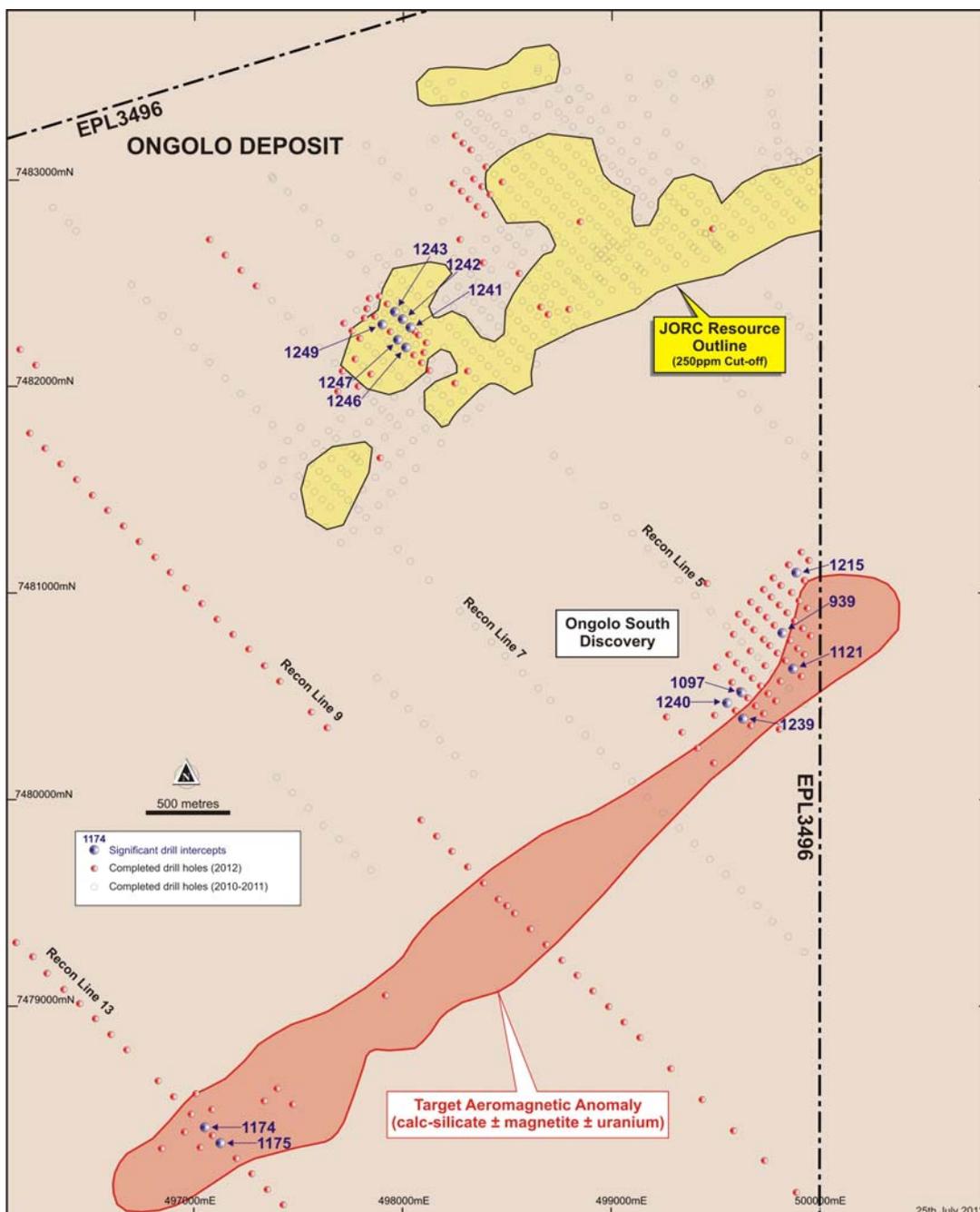


Figure 2: Ongolo Deposit – Ongolo South Prospect: Infill and Reconnaissance Drill Programmes



MS7 Drilling

Results received during the 2012 'infill' drill programme in the central and north-east of the MS7 deposit (Figure 3) have provided continuity between the 'resource blocks' that were outlined by the 2011 drill programme and should serve to improve the JORC classification. A resource update is scheduled for completion by the end of the September quarter.

Hole ALAR1222 had an initial interpreted downhole width of 120 metres at 443 ppm eU₃O₈ from 110 metres however, this was subsequently increased to **158 metres at 448 ppm U₃O₈ from 105 metres** to incorporate previously unreported hanging wall and footwall mineralisation. Geological logging of RC chips and of diamond drill core identified a pegmatitic Alaskite phase associated with the high grade mineralisation now being outlined at MS7 and thus RC drilling has been following the high grade zone to the north and north-east outside of the current resource envelope with the objective of increasing the size of the resource.

Some of the other more significant results from drilling at MS7 include:

- **ALAR667** 36 metres at 401 ppm U₃O₈ from 124 metres
- **ALAR669** 18 metres at 412 ppm U₃O₈ from 164 metres
- **ALAR673** 5 metres at 2,485 ppm U₃O₈ from 71 metres
- **ALAR1134** 54 metres at 405 ppm U₃O₈ from 28 metres
- **ALAR1135** 26 metres at 438 ppm U₃O₈ from 83 metres
- **ALAR1136** 13 metres at 402 ppm U₃O₈ from 34 metres
- **ALAR1255** 20 metres at 408 ppm U₃O₈ from 155 metres

Drilling continues with 2 RC rigs in the region which should be completed in early to mid-August before moving to Ongolo.

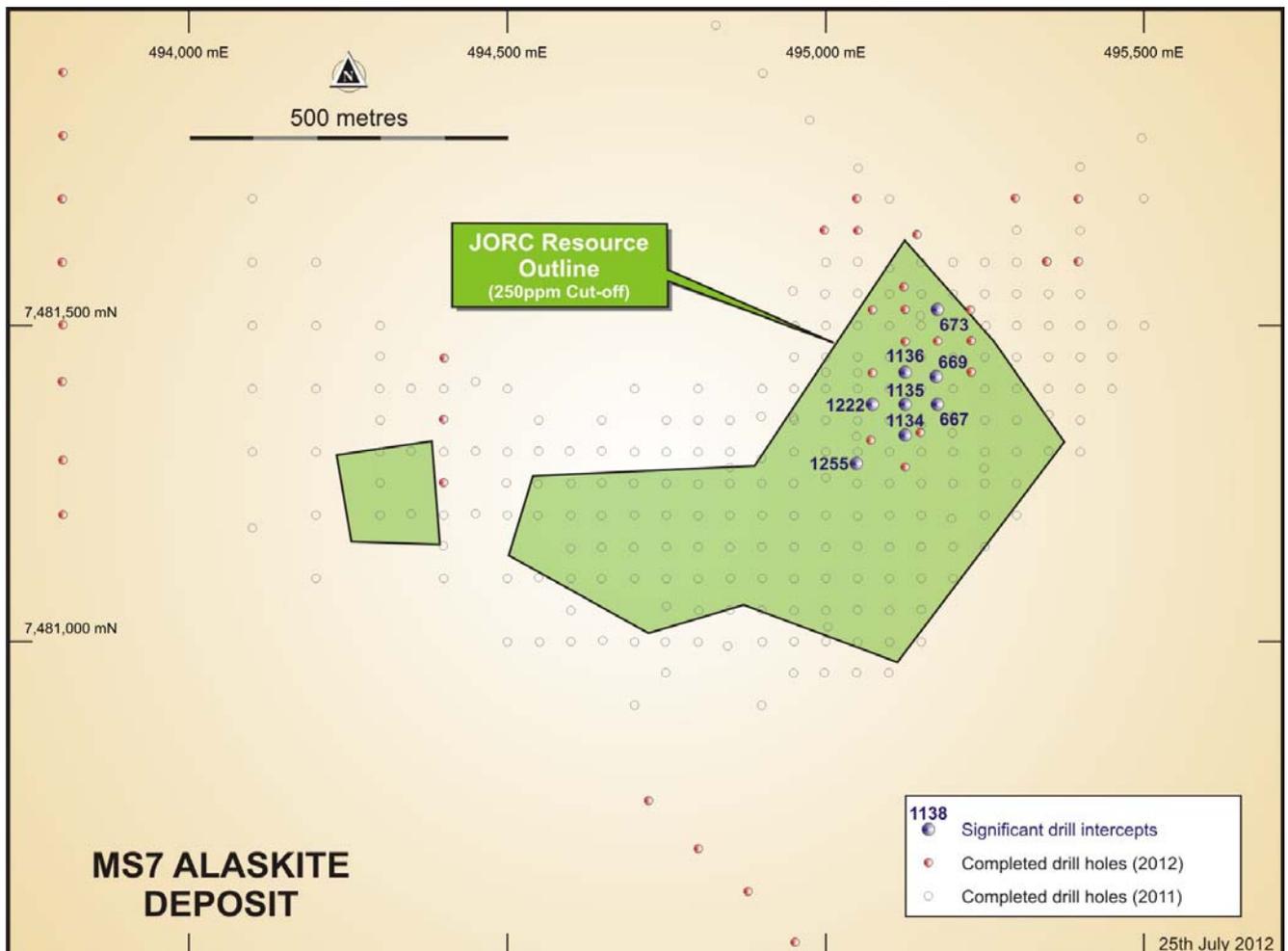


Figure 3: MS7 Deposit – Infill Drill Programme



Ongolo South Drilling

The discovery of the Ongolo South Prospect some 2 kilometres south of the Ongolo Deposit on Reconnaissance Line 5 highlighted the potential of an alaskite/calc-silicate-magnetite (skarn) contact zone to host uranium mineralisation (Figure 2). Initial RC drill results (ASX 7 May 2012) from the area returned high grade uranium mineralisation, including 16 metres at 710 ppm U₃O₈ from 148 metres, 18 metres at 681 ppm U₃O₈ from 103 metres and 10 metres at 2,261 ppm U₃O₈ from 146 metres.

Uranium mineralisation is localised along the skarn contact zone which is marked by a regional aeromagnetic anomaly (Figure 2). In detail the magnetic anomaly comprises interbedded calc-silicates, marble, magnetite and skarn rocks within a biotite schist-quartzite sequence intruded by alaskite. Selected results from Ongolo South include:

- **ALAR939** **18 metres at 681 ppm U₃O₈ from 103 metres**
- **ALAR1097** **10 metres at 2,261 ppm U₃O₈ from 146 metres**
- **ALAR1121** **11 metres at 469 ppm U₃O₈ from 109 metres**
- **ALAR1215** **3 metres at 3,368 ppm U₃O₈ from 232 metres**
- **ALAR1239** **6 metres at 400 ppm U₃O₈ from 125 metres**
- **ALAR1240** **5 metres at 521 ppm U₃O₈ from 230 metres**

Initial drilling results from Reconnaissance Line 13 and a deep intersection on Reconnaissance Line 9 highlighted the prospectivity of the aeromagnetic anomaly which is some 4.5 kilometres along strike (Figure 2). One interpretation is that there could be a connection between the Ongolo South Prospect and these new mineralisation intersections on Reconnaissance Lines 9 and 13. This will be tested in the future by infill drilling along the anomaly. The reported results in the quarter were:

Reconnaissance Line 13:

- **ALAR1174** **3 metres at 455 ppm U₃O₈ from 70 metres**
and
2 metres at 402 ppm U₃O₈ from 79 metres
- **ALAR1175** **3 metres at 907 ppm U₃O₈ from 171 metres**

SHIYELA IRON PROJECT

Testwork to enable the reassessment of the Shiyela deposit to incorporate low magnetite – high hematite material (initially considered waste) was progressed during the quarter with the objective of increasing the size and confidence of the JORC Compliant Mineral Resource. If successful it will significantly enhance project economics.

It is expected that the testwork, Scoping Study update and divestment should be completed by the end of 2012.

AUSTRALIA

Divestment of Australian Exploration Portfolio

DYL announced in June that it had decided to divest its portfolio of early stage exploration assets in Australia to allow it to focus on its advanced stage projects in Namibia. The Australian portfolio consists of projects located in both Queensland (where uranium mining is not yet allowed) and the Northern Territory and includes the 7.4 Mlb of JORC compliant resources within the Napperby Deposit. DYL has appointed Patersons Securities Limited (Patersons) to investigate a trade sale, merger or spin-off of the portfolio which may lead to a full or partial divestment of its interest in these projects. Patersons has already identified a number of target companies that are being approached to gauge initial interest.

It is anticipated that the divestment process will be completed by the end of the year.



CORPORATE

TERMINATION OF THE RAPTOR PARTNERS LIMITED EARN-OUT AGREEMENT

DYL announced (ASX 15 June 2012) that it had reached a settlement with Raptor Partners Limited ('Raptor') to terminate Raptor's earn-out agreement on the Company's wholly owned Namibian Exclusive Prospecting Licences (EPLs). The settlement is for \$15 million to be settled with the issue of 129.3 million shares and \$100,000 in cash and is conditional upon the approval of DYL's shareholders at the Annual General Meeting later this year.

The removal of the Raptor Earn-out was considered to be a good outcome for all DYL's shareholders as Raptor demonstrated its support for the Company by accepting shares with a deemed value of 11.52 cents and agreed to a phased escrow over the next three years.

The termination removes a significant future strategic and financial impediment to the development of DYL's attractive projects in Namibia.

MARKET COMMENTARY

There have been some recent positive developments in the industry, with the Emirates Nuclear Energy Corporation (ENEC) receiving approval to construct its first two Korean-designed advanced pressurised water reactors in the UAE. The first of the 1,400MW units is scheduled to be commissioned in 2017. ENEC's initial plan is to construct four units but this may be increased in future. The UAE will be the first new entrant to the nuclear energy 'country club' for 31 years, with China being the previous new entrant in 1981.

In Japan, the Kansai Electric Power Company resumed operation at its Ohi No. 3 and 4 reactors, the first reactors to come back into service after the Fukushima accident. Japan had more than 50 operable reactors prior to the devastating earthquake and tsunami and it is envisaged that there will be a slow but gradual resumption of nuclear generation due to the economic and environmental consequences of maintaining the shutdown.

EXECUTIVE CHANGES

In April 2012 the Company announced that Dr Leon Pretorius, the Namibian based Managing Director of DYL's wholly owned subsidiary Reptile Uranium Namibia (Pty) Ltd, had decided to end his full time involvement with the Company at the end of July to pursue his other growing interests in Australia.

Dr Pretorius has been involved with Deep Yellow as a senior executive since June 2005 and was instrumental in laying the foundation to the Company that today holds such a highly regarded portfolio of quality uranium projects in Namibia.

After further discussions subsequent to the announcement Dr Pretorius has agreed to work on a part time basis in Namibia until at least the end of 2012.

NON-RENOUNCEABLE ENTITLEMENT ISSUE

A \$10.5 million non-renounceable entitlement issue was announced on 19 June 2012 and closed 20 July 2012. The entitlement issue was underwritten to \$5.8 million with the Company's largest shareholder, Paladin Energy Limited, sub-underwriting \$4 million.



FINANCIAL

DYL completed the Quarter with cash and liquid assets of \$2.2 million at 30 June 2012.

During the quarter 6,940,000 options expired according to their terms and conditions.

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

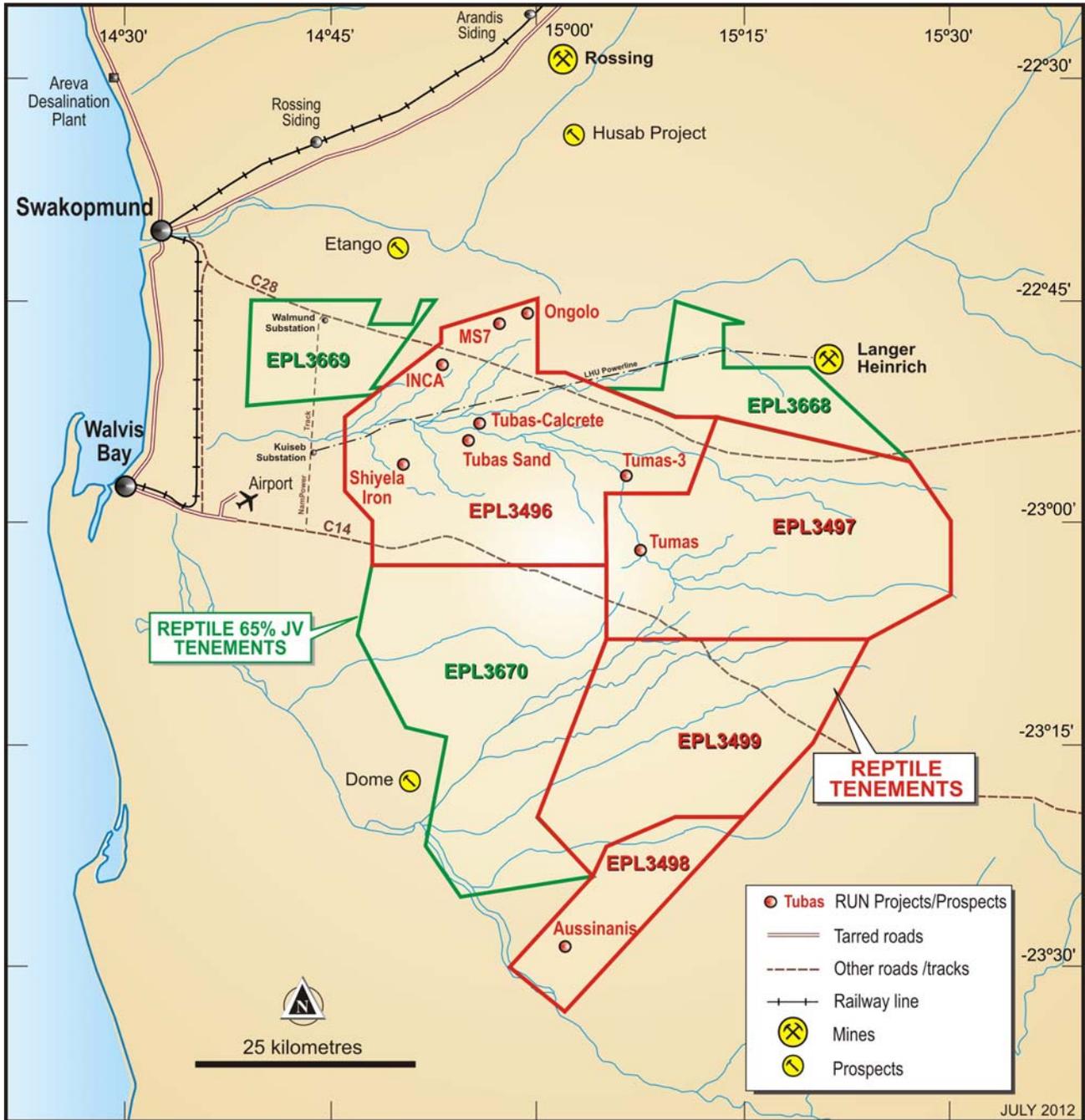
Deep Yellow Limited is an ASX-listed, advanced stage uranium exploration company with extensive operations in the southern African nation of Namibia and in Australia. It also has a listing on the Namibian Stock Exchange.

Deep Yellow's primary focus is in Namibia where its operations are conducted by its 100% owned subsidiary Reptile Uranium Namibia (Pty) Ltd (RUN). Its flagship is the Omahola Project currently under Pre-Feasibility Study with concurrent resource drill-outs on the high grade Ongolo Alaskite – MS7 trend. It is also evaluating a stand-alone project for its Tubas Sand uranium deposit utilising physical beneficiation techniques it successfully tested in 2011.

In Australia the Company owns the Napperby Uranium Project and numerous exploration tenements in the Northern Territory and in the Mount Isa District in Queensland.



Appendix 1: Namibian Tenement Map and Project Localities





Appendix 2: JORC Mineral Resource Estimate Summary – April 2012

Deposit	Category	Cut-off (ppm U ₃ O ₈)	Tonnes (M)	U ₃ O ₈ (ppm)	U ₃ O ₈ (t)	U ₃ O ₈ (Mlb)
NAMIBIA						
Omahola Project						
INCA ♦	Indicated	250	7.0	470	3,300	7.2
INCA ♦	Inferred	250	5.4	520	2,800	6.2
Ongolo #	Indicated	250	14.7	410	6,027	13.2
Ongolo #	Inferred	250	5.8	380	2,204	4.8
MS7 #	Indicated	250	3.3	430	1,400	3.2
MS7 #	Inferred	250	2.0	540	1,100	2.4
Omahola Project Total			38.2	441	16,831	37.0
Tubas Sand Project						
Tubas Sand	Inferred	70	87.0	148	12,876	28.4
Tubas Sand Project Total			87.0	148	12,876	28.4
Tubas-Tumas Palaeochannel						
Tumas ♦	Indicated	200	14.4	366	5,270	11.6
Tumas ♦	Inferred	200	0.4	360	144	0.3
Tubas Calcrete	Inferred	100	7.4	374	2,767	6.1
Tubas-Tumas Palaeochannel Total			22.2	369	8,181	18.0
Aussinanis Project						
Aussinanis ♦	Indicated	150	5.6	222	1,243	2.7
Aussinanis ♦	Inferred	150	29.0	240	6,960	15.3
Aussinanis Project Total			34.6	237	8,203	18.0
TOTAL - NAMIBIA			182.0	253	46,091	101.4
AUSTRALIA						
Napperby Project (NT)						
Napperby	Inferred	200	9.3	359	3,351	7.4
Napperby Total			9.3	359	3,351	7.4
Mount Isa Project (QLD)						
Mount Isa	Indicated	300	2.2	470	1,050	2.3
Mount Isa	Inferred	300	2.5	450	1,120	2.5
Mount Isa Total			4.7	460	2,170	4.8
TOTAL - AUSTRALIA			14.0	394	5,521	12.2
Total Indicated Resources			47.2	387	18,290	40.2
Total Inferred Resources			148.8	224	33,322	73.4
TOTAL RESOURCES			196.0	263	51,612	113.6

Notes: Figures have been rounded and totals may reflect small rounding errors
XRF chemical analysis unless annotated otherwise
♦ eU₃O₈ - equivalent uranium grade as determined by downhole gamma logging
Combined XRF Fusion Chemical Assays and eU₃O₈ values



Compliance Statements: April 2012

Namibia

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, Managing Director of Reptile Uranium Namibia (Pty) Ltd has 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.

The information in this report that relates to the **Ongolo, MS7 and INCA** Mineral Resources is based on work completed by Mr Neil Inwood and Mr Doug Corley. Mr Inwood is a Fellow of the Australasian Institute of Mining and Metallurgy and Mr Corley is a member of the Australian Institute of Geoscientists. Messrs Inwood and Corley have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Messrs Inwood and Corley consent to the inclusion in the report of the matters based on his information in the form and context in which it appears. Messrs Inwood and Corley are full-time employees of Coffey Mining.

The information in this report that relates to the **Tubas Sand and Tubas Calcrete** Mineral Resource is based on information compiled by Mr Willem H. Kotzé Pr.Sci.Nat MSAIMM. Mr Kotzé is a Member and Professional Geoscientist Consultant of Geomine Consulting Namibia CC. Mr Kotzé has 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'. Mr Kotzé consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.

The information in this report that relates to the **Aussinanis and Tumas** Mineral Resources is based on work completed by Mr Jonathon Abbott who is a full time employee of Hellman and Schofield Pty Ltd and a Member of the Australasian Institute of Mining and Metallurgy. Mr Abbott has 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' and as a Qualified Person as defined in the AIM Rules. Mr Abbott consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Queensland

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Martin Kavanagh, a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Kavanagh is an Executive Director of Deep Yellow Limited and has 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'. Mr Kavanagh consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to the Queensland Mineral Resource is based on information compiled by Mr Neil Inwood. Mr Inwood is a Member of The Australasian Institute of Mining and Metallurgy. Mr Inwood is employed by Coffey Mining Pty Ltd and has 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'. Mr Inwood consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Northern Territory

The information in this report that relates to the **Napperby Project** Mineral Resource is based on information compiled by Mr Daniel Guibal who is a Fellow (CP) of the Australasian Institute of Mining and Metallurgy. Mr Guibal is a full time employee of SRK Consulting and has 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'. Mr Guibal consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Where eU₃O₈ values are reported it relates to values attained from radiometrically logging boreholes with Auslog equipment using an A675 slimline gamma ray tool. All probes are calibrated either at the Pelindaba Calibration facility in South Africa or at the Adelaide Calibration facility in South Australia.



Appendix 3: JORC Mineral Resource Estimate Shiyela - December 2011

Deposit	Category	Cut-off (DTR%)	Tonnes (M)	DTR (%)	Fe (%)
REPTILE URANIUM NAMIBIA (NAMIBIA)					
M62 - Fresh	Inferred	10	40.2	17.12	17.02
M62 - Oxide	Inferred	10	3.5	15.46	18.13
Total			43.7	16.99	17.11
M63 - Fresh	Inferred	10	34.8	15.15	21.10
M63 - Oxide	Inferred	10	0.2	16.16	18.87
Total			35	15.16	21.09
RUN TOTAL - NAMIBIA			78.7	16.17	18.88
TOTAL FRESH			75.0	16.21	18.91
TOTAL OXIDE			3.7	15.50	18.17
TOTAL RESOURCES			78.7	16.17	18.88

Notes: Figures have been rounded and totals may reflect small rounding errors
 Resource Estimation using a 10% DTR Wt% cut-off.
 Fe% - head assay of composited drill samples

Compliance Statements:

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, Managing Director of Reptile Uranium Namibia (Pty) Ltd has 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.

The information in this report that relates to Mineral Resource is based on information compiled by Mr Alan Miller who is a full-time employee of Golder Associates Pty Ltd and a Member and chartered Professional of the Australasian Institute of Mining and Metallurgy. Mr Miller has sufficient experience 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 JORC Code (2004).