DEEP YELLOW LIMITED

ABN 97 006 391 948

Level 1 329 Hay Street Subiaco WA 6008
PO Box 1770 Subiaco WA 6904
Tel : 61 8 9286 6999
Fax : 61 8 9286 6969
Email: admin@deepyellow.com.au
Website: www.deepyellow.com.au

22 July 2008

QUARTERLY REPORT - FOR THE PERIOD ENDING 30 JUNE 2008

HIGHLIGHTS

NAMIBIA

- **Six RC percussion and one diamond drill rig gearing up to drilling between 15,000 and 20,000 metre per month, with a total of 40,806 metre completed during the Quarter;**

- **Tumas palaeochannel continues to return high value drill intersections over appreciable thicknesses namely :**

  - **853 ppm U_3O_8 over 20 metre;**
  - **892 ppm eU_3O_8 over 14 metre;**
  - **676 ppm eU_3O_8 over 18 metre**

- **Tubas trenching exercise confirms high grades and pervasive distribution of uranium (carnotite) in free-digging sediments from surface to 11 metre**

  - **Up to 7,875 ppm U_3O_8 in one metre channel samples**

  - **Average of 1,430 ppm U_3O_8 for 9 metre composite 1 m^2 vertical box channel sample;**

- **Mineralised magnetite discovery on Tubas North returns wide zones and impressive grades of mineralisation**

  - **Up to 849 ppm eU_3O_8 over 11 metre within a 59 metre intersection of 237 ppm eU_3O_8;**

- **From interpretation of airborne electromagnetic surveys the Tumas – Tubas palaeochannel system can now be traced for a cumulative total of 80 km of which only about 35 km has been investigated by drilling carried out by previous explorers and/or Reptile. Where tested to date the channel is variably uranium mineralised throughout.**

AUSTRALIA

- **XRF chemical assay results from diamond drilling at Queens Gift return:**
  - **23.0 m @ 634 ppm U_3O_8; and,**
  - **25.0 m @ 338 ppm U_3O_8**
- **An initial RC percussion drill programme of 75 holes will test priority targets on the Ewen EPM.**
- **Drill targets outlined on the Isa West (Xstrata) Project tenements.**
- **15,000 metre of Aircore drilling and a 3,000 line kilometre Airborne Electromagnetic survey over project areas to commence in late August.**

CORPORATE

- **During the Quarter Deep Yellow's wholly owned subsidiary, Superior Uranium Pty Ltd (Superior), entered into an agreement with WCP Resources Ltd (ASX Code: WCP) to provide WCP with the option to earn a 100% interest in all minerals (other uranium and associated minerals) on the Company's Sherrin Creek Prospect (Queensland tenement EPM 16007).**

  The EPM 16007 tenement - 70 kilometres northwest of Mount Isa - covers 351 square kilometres in an area with phosphate deposits in the Georgina Basin, Queensland. WCP is particularly interested in extending known phosphate mineralisation on the EPM.

EXPLORATION - NAMIBIA

DYL's activities in Namibia are carried out by its wholly owned subsidiary Reptile Uranium Namibia (Pty) LTD (Reptile).

KEY POINTS:

- Reptile holds 100% of four contiguous Exclusive Prospecting Licences (EPLs) covering 2,681 km^2 that contains historical discoveries of calcrete, gypcrete and sand hosted secondary uranium mineralisation;
- Areas within the EPLs were prospected by major companies such as Anglo American, Falconbridge, Elf-Aquitaine and General Mining in 1970/80's with three feasibility studies completed including bulk sampling and metallurgical testwork;
- Reptile's Tubas project JORC Code Inferred Mineral Resource totals 77.3 Mt at 0.023% (228 ppm) U_3O_8 at a cut-off grade of 100 ppm U_3O_8 for 17,600 tonne or 38.8 million pounds U_3O_8 (ASX 21 November 2007);
- Detailed airborne electromagnetic (AEM), radiometric and magnetic surveys have been completed over entire tenement area. Buried palaeochannels have been delineated which greatly increases the potential for additional calcrete hosted mineralisation. Numerous new radiometric and magnetic targets have also been delineated that warrant drill testing;
- Since January 2008, Reptile has increased its drilling activities from one to six RC percussion drill rigs and one diamond rig working on various prospect areas within its four EPLs. Total drilling for June exceeded 15,000 metre which is getting closer to the target of 20,000 metre per month;
- 40,806 metre of RC drilling predominantly aimed at JORC Code resource definition was completed during Quarter;
- Without exception results from all prospect areas are either meeting expectations by confirming historic work and results, or in the case of the follow-up drilling programmes being conducted in areas of previously unknown mineralisation, the results are very encouraging given the grade and widths of numerous new intersections;
- Early data from the AEM survey indicates the existence of potentially deeper channel sections on the Tumas EPL and recent drilling has confirmed the presence of a buried palaeochannel that is mineralised below cover of between 10 and 20 metre that was not recognised by the previous explorers. Drilling in this area is underway and numerous impressive mineralised intersections have been made.

- RC grid drilling on the hitherto unknown uraniferous magnetite continues to return wide intersections and good grades over an increasingly large area;
- Exploration expenditure is currently A$1 million a month and this level of expenditure has been approved by the DYL Board to end 2008;
- Reptile now has 62 permanent staff running the exploration programmes out of the Company's Swakopmund office. This excludes the contractor drilling and rehabilitation company personnel which total about 60.

SUMMARY AND STATISTICS

Drilling and assaying: -

RC drilling totalling 40,806 metre completed on four project areas. June drilling exceeded 15,000 metre.

Prospect	Number of Holes	Total Metre Drilled
TUMAS	1,007	13,826
S-BEND	614	3,882
AUSSINANIS	1,570	19,892
M1	32	3,206
TOTALS	**3,223**	**40,806**

All drillholes are radiometrically logged within the rods and equivalent uranium contents determined for each one metre interval.

All drillholes are sampled at one metre intervals and split portions returned to Reptile's laboratory and processing facility in Swakopmund. The radioactivity of all one metre drill chip samples are then tested in a lead encased enclosure and anomalous samples (plus two samples above and below mineralised sections) are then assayed in the Reptile laboratory and an acceptable industry required number of duplicates sent for assay to third party laboratories for comparison. Table 1 and Figure 1 below summarise the number of samples processed and analysed for the Quarter and the spread of assays values.

Table 1: Laboratory performance indicators

Job Description	April 08	May 08	June 08	TOTAL
Samples Received	14,267	8,599	16,132	38,998
Samples Crushed		460	1,155	1,615
Samples Split	12,417	11,841	5,798	30,056
Samples Checked in Pb-Block	10,280	13,422	14,281	37,983
Samples > 10 cps (RadEye)	2,503	2,935	3,661	9,099
Samples Weighed	2,199	3,472	4,485	10,156
Sample duplicates packed & stored	9,700	12,022	16,685	21,722
Samples Milled	2,284	3,316	5,203	10,803
Samples Analysed (Repeats, QC & Daily checks included)	2,369	3,486	3,548	9,403
Sample results reported	2,102	3,305	3,303	8,710

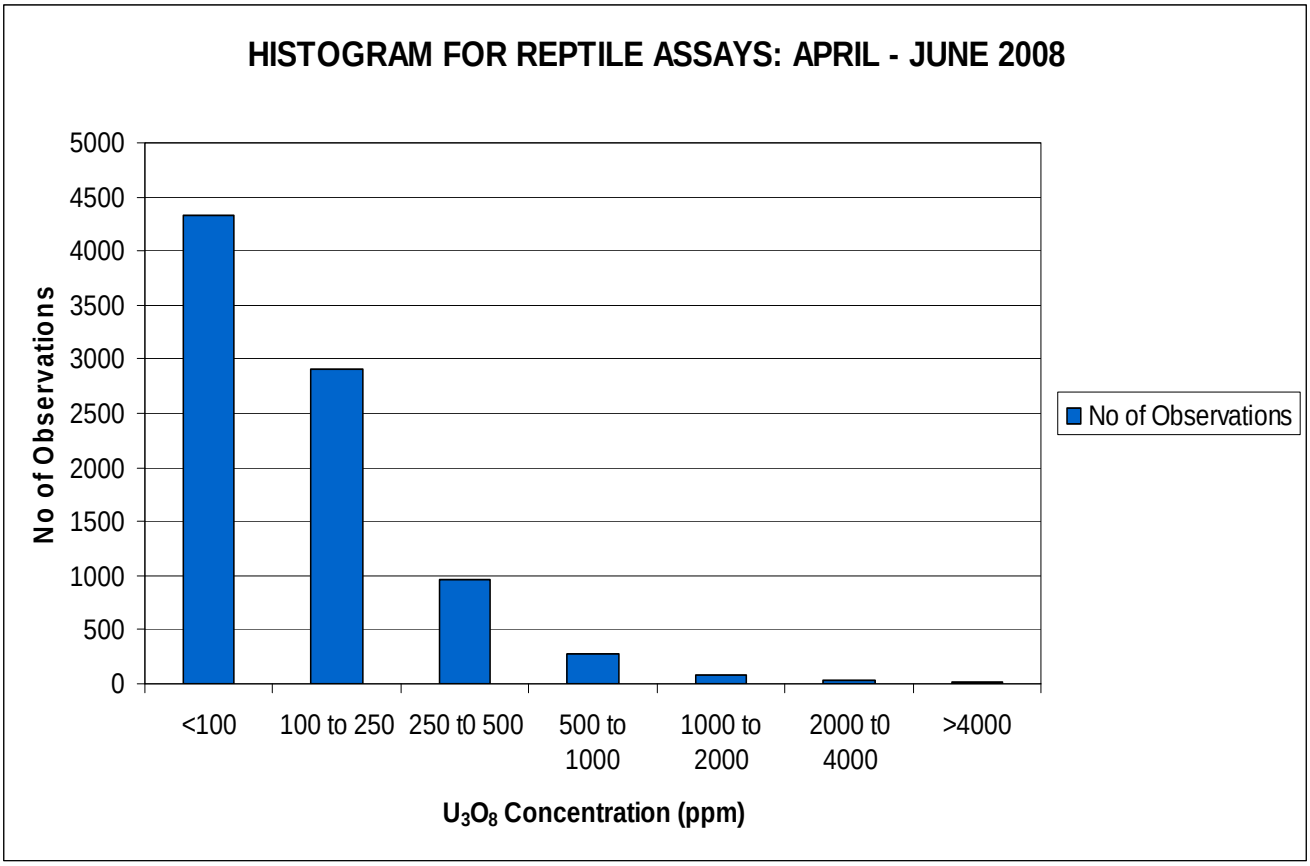


Figure 1: Histogram of sample assays performed by Reptile during the Quarter

PROJECTS AND EXPLORATION ACTVITIES

During the Quarter Reptile undertook mapping, sampling and drilling on all four its EPLs. DYL's stated objectives as per the March 2008 Quarterly (ASX 30 April 2008) has led to a rethink of the grid patterns currently being drilled. Upon completion of the Tumas detail 50 by 50 metre grid all drilling will be stepped out to 200 by 200 metre square grids or where there are defined channels 200 metre or wider line spacings will be employed with 50 metre spaced holes across the strike of the channel.

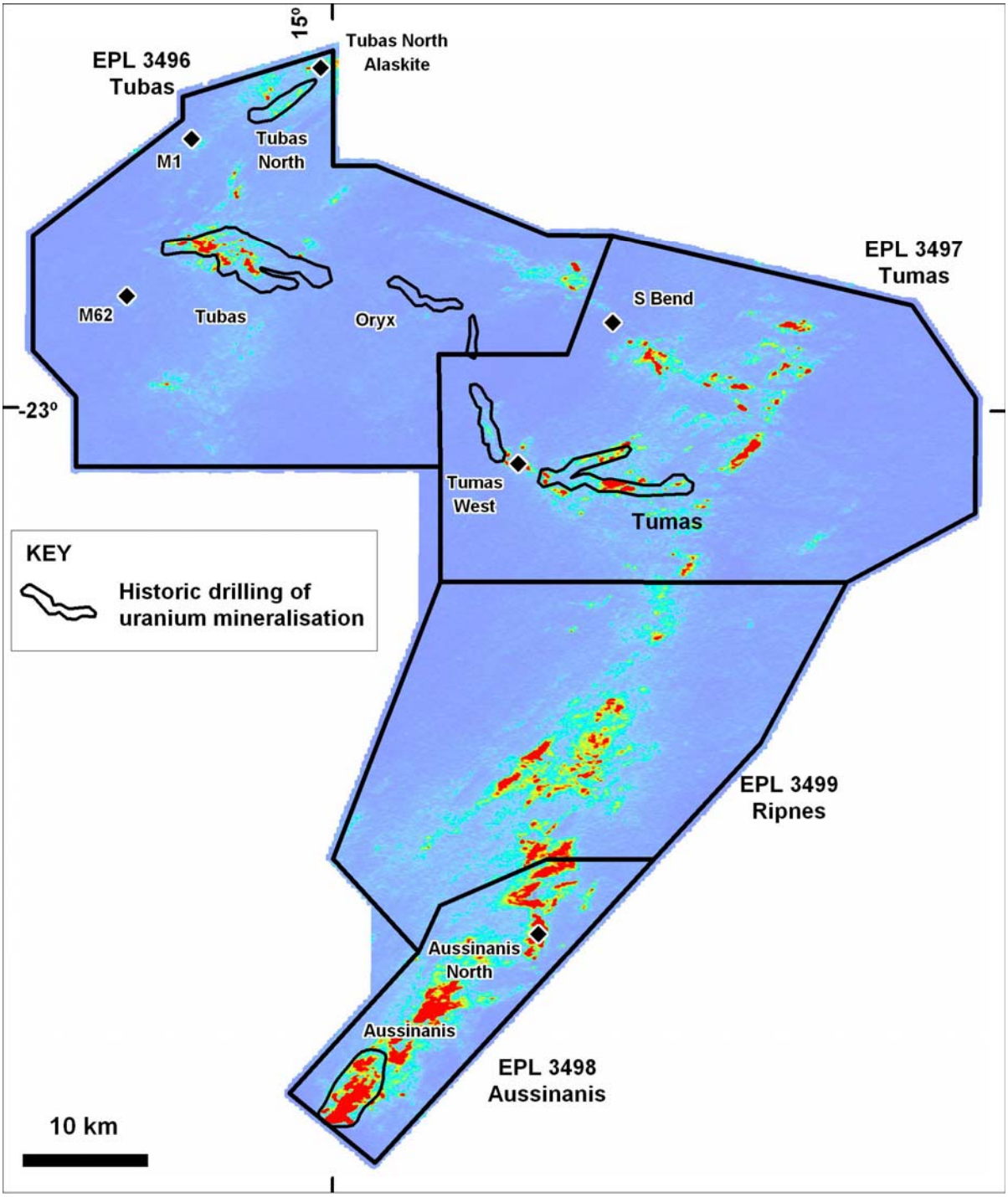


Figure 2**:** Airborne Radiometric Map depicting at or near surface uranium mineralisation. Outlined are the previously explored areas indicating that many of the anomalies remain to be explored.

1. Tumas (previously drilled); Tumas West and Northwest (previously untested) prospects

Reptile located and surveyed the majority of the drill collars for the Falconbridge historic estimate, but decided against radiometrically re-logging the holes and/or using the scant chemical data available.

The original Falconbridge delineated mineralisation was limited to the extent of their then tenement holding and the palaeochannel they defined by an IP survey. As shown in Figure 2 a strong U^2/Th anomaly extends west and northwest from the Tumas mineralised area. Reptile is systematically redrilling the Falconbridge area with a detailed offset 50 by 50 metre RC percussion programme to ensure JORC Code compliance and extending this to the west and northwest as indicated in Figures 3, 4 and 5. Results from the 15 best holes drilled during the Quarter are given in Table 3.

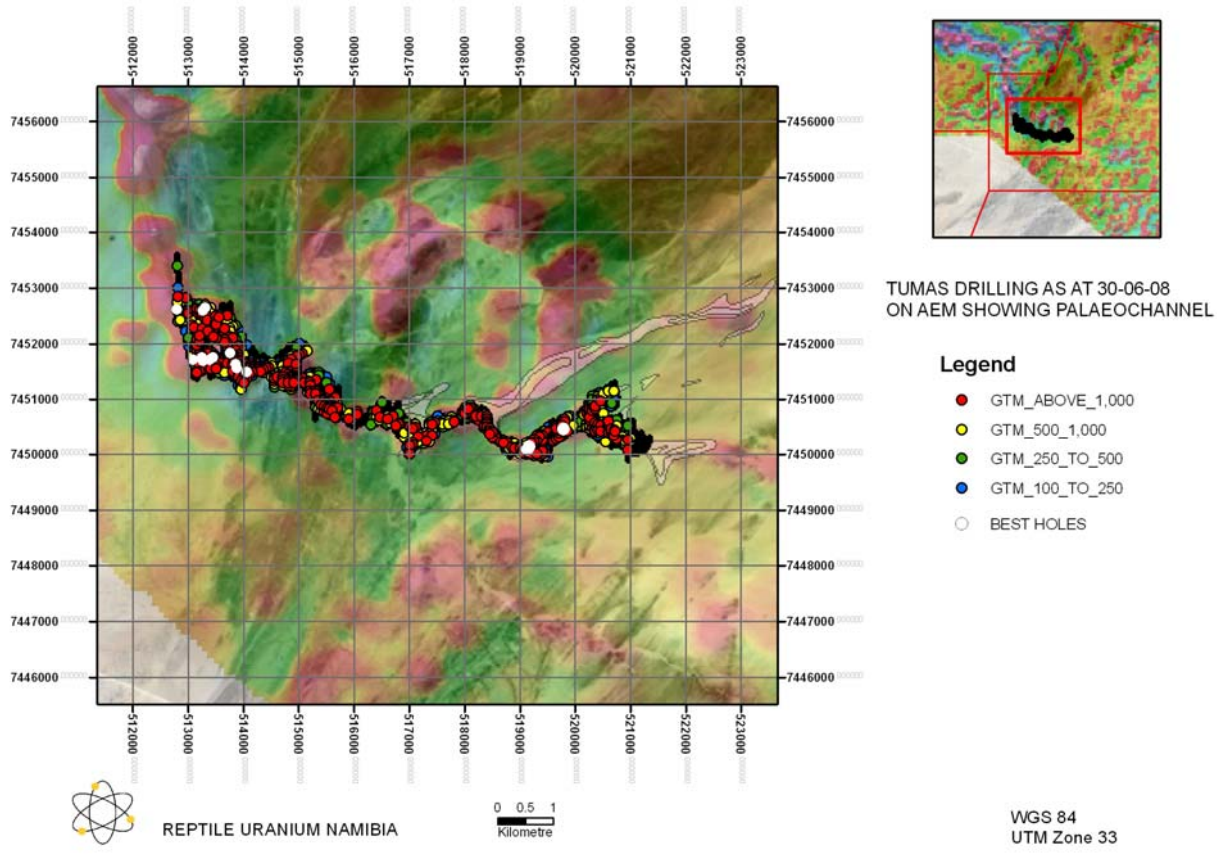


Figure 3: Tumas area with holes drilled to date

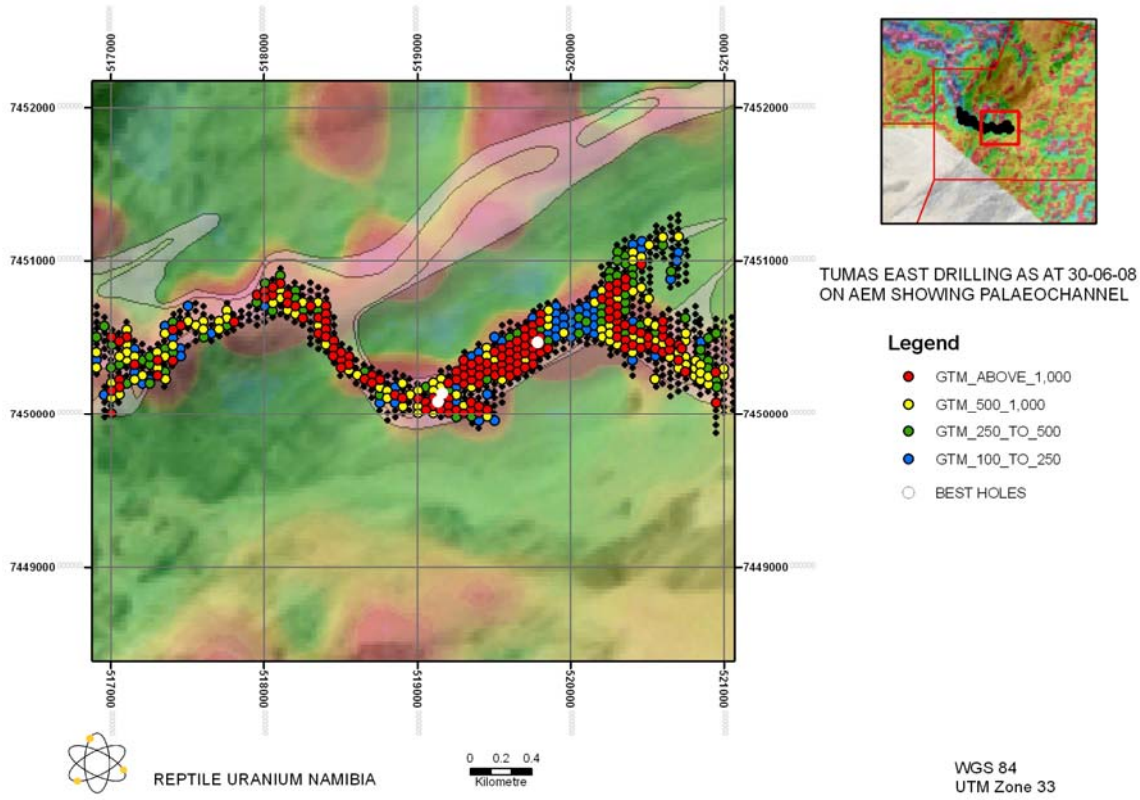


Figure 4: Tumas East area with holes in Table 3 highlighted

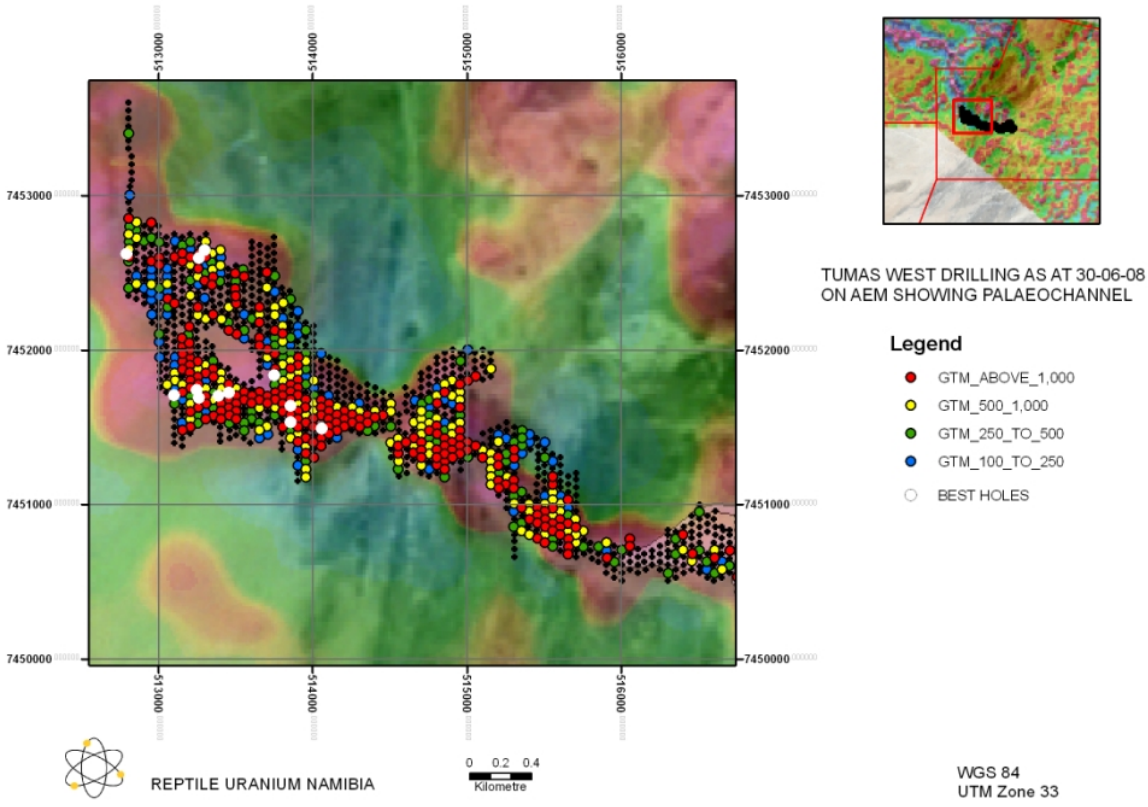


Figure 5: Tumas West area with holes in Table 3 highlighted

Table 3: Tumas - Significant Vertical RC Drill Intercepts for the Quarter

HOLE	UTM E	UTM N	TD	FROM	TO	INT	eU_3O_8	GTM
B2.175 0.750	513755	7451845	30	1	19	18	676	12,209
B1.400 0.200	512807	7452604	45	19	33	15	828	12,134
B2.275 0.250	513255	7451730	34	13	26	14	892	12,091
B3.925 6.150	519154	7450079	18	0	13	13	820	10,294
B2.475 0.850	513854	7451532	20	0	10	10	902	8,708
B1.350 0.300	513306	7452656	15	7	12	5	1,553	7,766
B2.300 0.100	513105	7451706	35	14	26	12	529	6,270
B2.375 0.850	513854	7451633	18	0	12	12	464	5,667
B2.275 0.450	513454	7451727	28	11	27	16	343	5,500
B2.475 1.050	514053	7451482	19	0	14	14	360	4,984
B3.550 6.800	519804	7450456	16	0	8	8	615	4,797
B3.875 6.150	519155	7450130	18	1	12	11	410	4,551
B2.300 0.400	513404	7451704	22	10	18	8	550	4,459
B2.325 0.250	513256	7451679	32	14	24	9	457	4,230
B1.425 0.250	513256	7452577	21	7	13	7	610	4,087

The GTM (grade *in ppm* multiplied by intersection width) distribution for all drill data to the end of the Quarter is given in Figure 6. Once the undrilled gaps and open zones of mineralisation have been drilled out, the data will be used to determine a JORC Code resource along this roughly 8 km portion of the mineralised channel system.

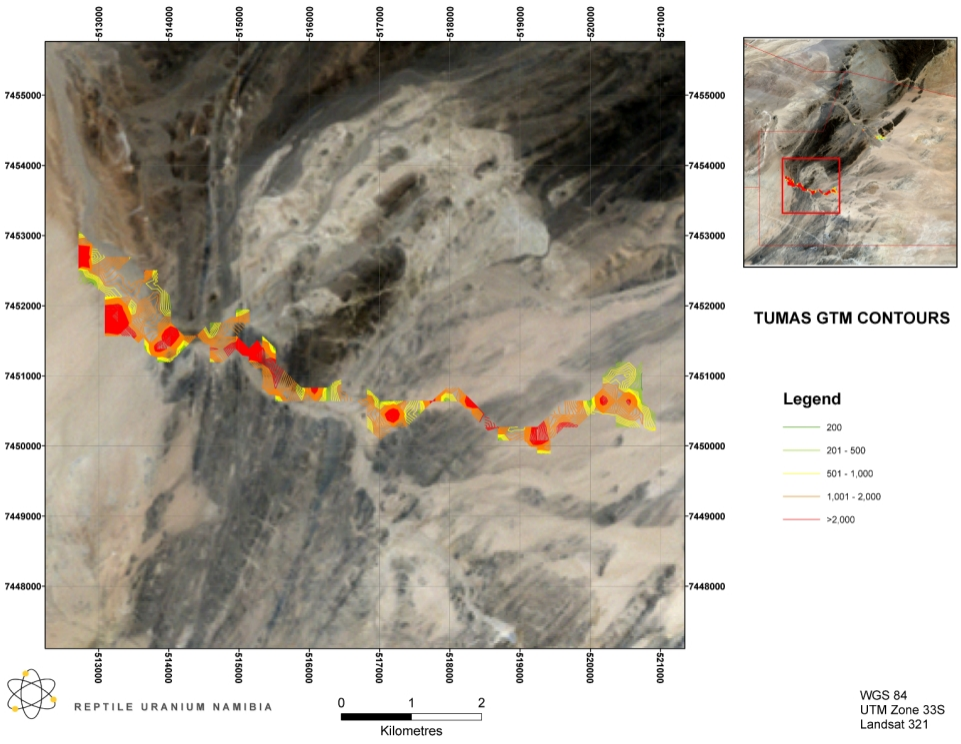


Figure 6: GTM U_3O_8 distribution for Tumas area

Interpretation of the AEM data indicates the possible presence of a potentially deeper channel section that could relate to buried palaeochannels that were not tested by previous explorers. Reptile is presently drill testing this theory and early results are very encouraging with appreciable widths and grades of calcrete hosted uranium mineralisation being returned from a buried palaeochannel underlying the known close to surface mineralisation over at least 3 km and it remains open to the west and northwest as depicted by "Y" on Figure 7. As can be seen on the same figure areas "X" and "Z" of Falconbridge remain to be tested by Reptile and there are also a number of undrilled target areas exist ("A" and "B") away from the main channel targets that will be drill tested.

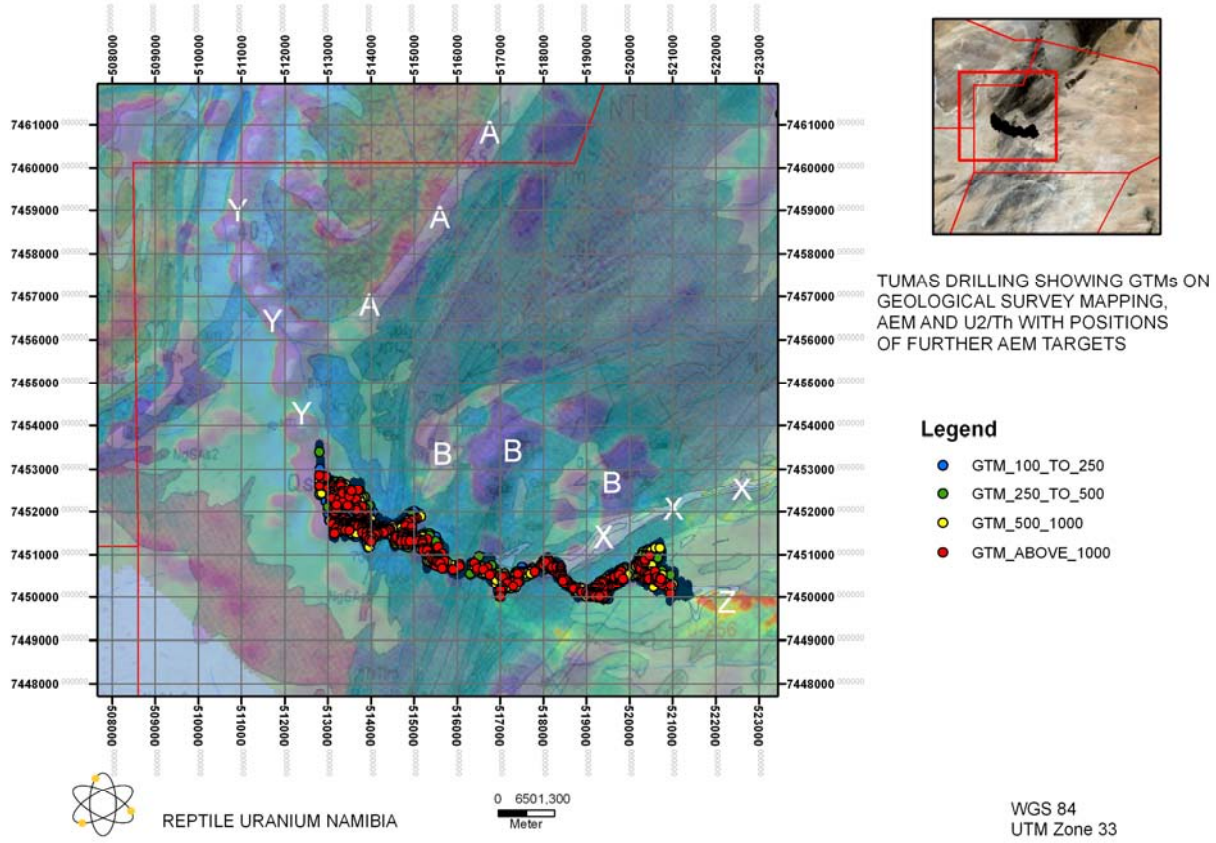


Figure 7: Tumas area with holes completed and new target areas

Interestingly Anglo American reported 6 metre of 550 ppm U_3O_8 and 4 metre of 375 ppm U_3O_8 a few kilometre further to the northwest of this area within their Oryx tenement from widespread reconnaissance drilling that was not followed up. It would appear that these holes coincide with the AEM indicated buried Tumas – Tubas palaeochannel system.

It is very encouraging to note how successful the recently completed AEM survey appears to map out the deeper portions of the drainage systems within which the palaeodrainage hosted uranium mineralisation occurs. It is early days but once this is proven these deeper sections will be targeted along the collective 80 km long AEM defined Tumas -Tubas drainage system as shown in Figure 8 of which more than half remains to be tested by drilling.

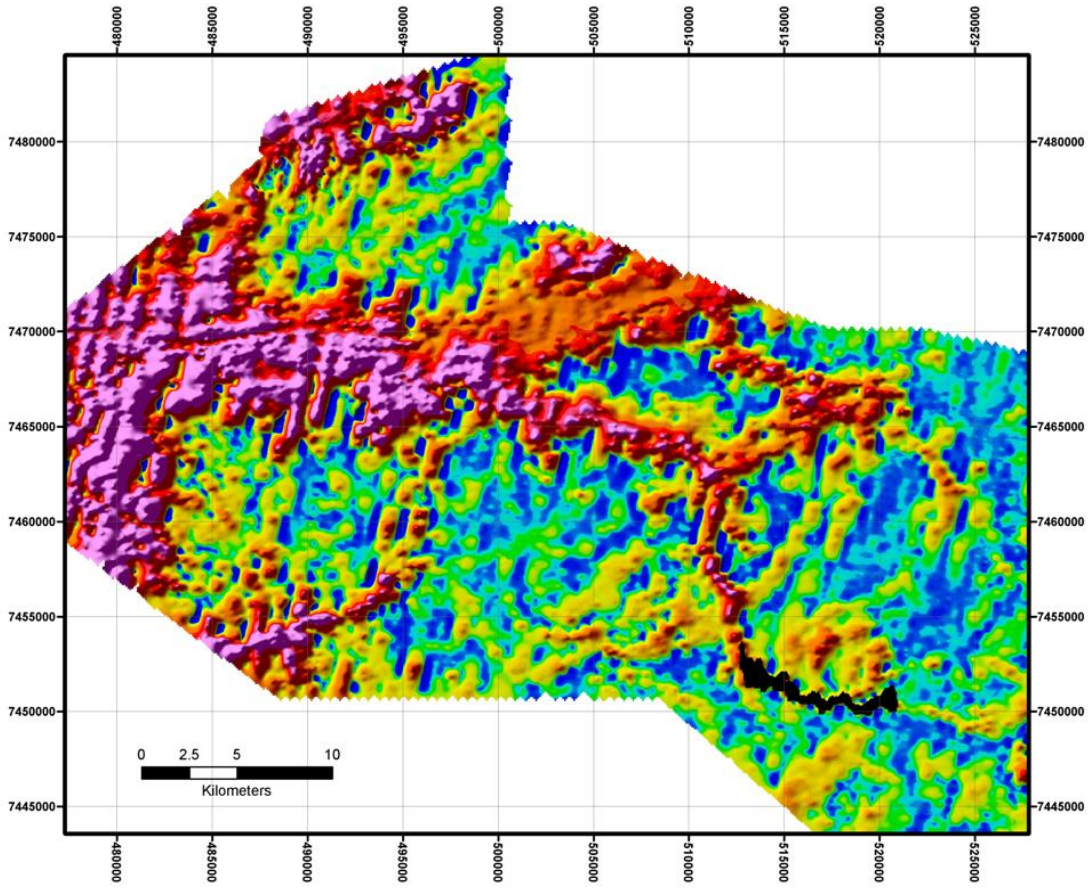


Figure 8: Tumas – Tubas palaeochannel system as indicated by AEM

RC Drill Rig Move on Tumas Prospect

2. S-Bend Prospect (mostly untested)

Follow-up sampling of the airborne anomaly at the S-Bend palaeochannel location returned surface values of up to 5,735 ppm U_3O_8 (ASX 23 January 2008).

Although the S-Bend palaeochannel appears to mirror the breakthrough and valley formation as at the Langer Heinrich mine 18 km to the north drilling to date has not emulated either the grades or thickness of calcrete found there.

Drilling in this area has temporarily been stopped and the rigs moved to Tumas to accelerate exploration there. Results from the 15 best holes are given in Table 4 and drill hole locations shown in Figure 9.

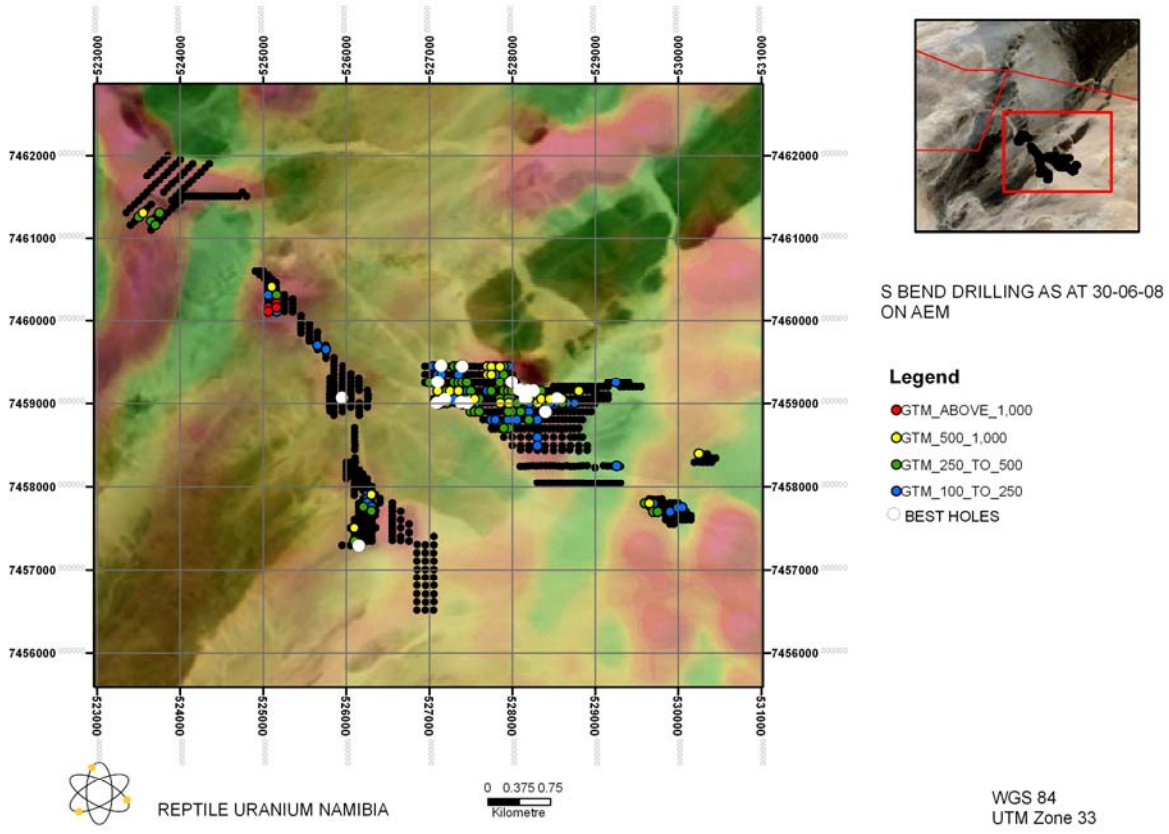


Figure 9: S-Bend area with holes in Table 4 highlighted

Table 4: S-Bend - Significant Vertical RC Drill Intercepts for the Quarter

HOLE	UTM_E	UTM_N	TD	RL	FROM	TO	INT	eU_3O_8	GTM
BA9.850 11.250	528250	7459150	9	663	2	8	5	266	1,411
BA9.750 10.150	527150	7459250	15	657	1	10	8	152	1,222
SB9.000 10.150	527155	7459003	9	648	1	5	4	257	1,119
BA9.750 11.000	528000	7459250	15	662	2	6	4	239	979
BA9.950 10.200	527200	7459050	9	657	1	6	4	223	947
BA9.550 10.150	527150	7459450	9	656	1	6	6	155	881
BA10.700 9.150	526150	7457300	9	657	1	5	5	185	878
BA9.550 10.400	527400	7459450	9	652	2	7	5	154	833
SB9.000 10.400	527406	7459003	9	651	1	8	6	118	764
BA9.850 11.200	528200	7459150	9	662	2	5	4	207	725
BA9.950 11.150	528150	7459050	9	665	1	5	4	202	718
BA9.950 10.550	527550	7459050	15	660	2	6	4	168	713
SB9.000 10.450	527456	7459003	9	651	2	6	3	204	705
BA9.850 11.100	528100	7459150	9	668	1	6	5	150	704
SB9.100 11.400	528400	7458900	9	669	2	7	5	146	687

RC Drilling S-Bend Prospect

3. Aussinanis (mostly tested) and Aussinanis North prospect (mostly untested)

The reconnaissance RC drilling programme in the Aussinanis North area was to provide targets for later systematic drill-out prior to commencing the grid drill-out of the known mineralised Elf-Aquitaine project area in the south of the tenement.

As shown in Figures 10 and 11 the Aussinanis mineralised zone occurs over a very wide area with the Aussinanis and Ripnes tenements. A total of 1,570 holes for 19,892 metre were completed during the Quarter. The 15 best intersections returned during the period are given in Table 5.

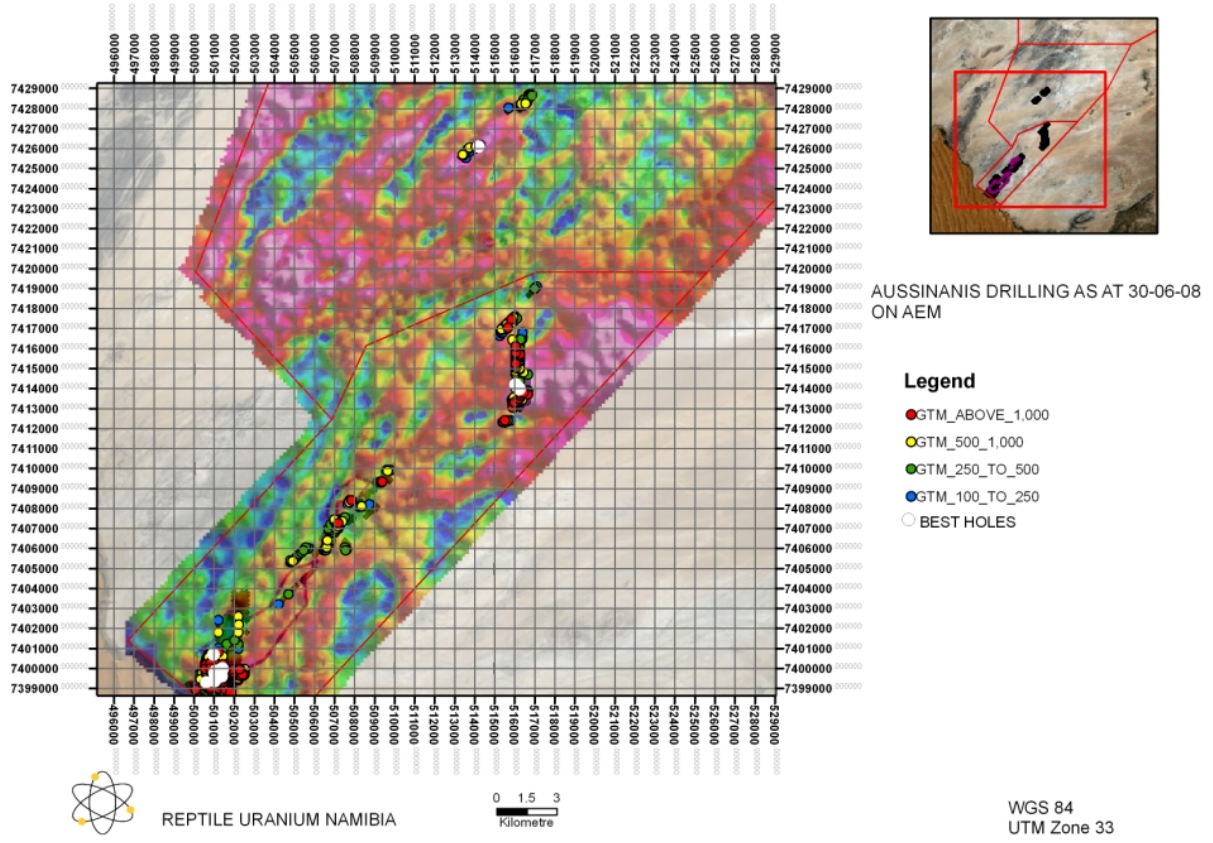


Figure 10: Aussinanis project area with holes in Table 5 highlighted

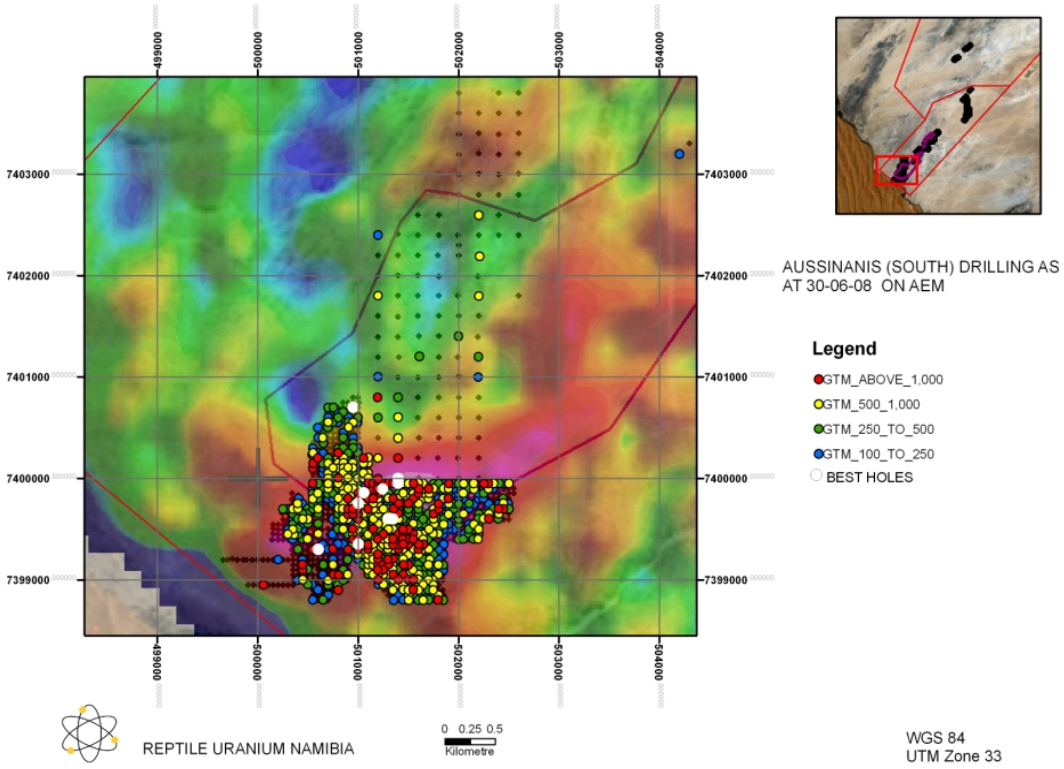


Figure 11: Aussinanis south area with holes in Table 5 highlighted

Table 5: Aussinanis - Significant Vertical RC Drill Intercepts for the Quarter

HOLE	UTM_E	UTM_N	TD	RL	FROM	TO	INT	eU_3O_8	GTM
D17.050 18.900	515902	7413054	23	544	8	12	4	935	3,507
D30.100 17.200	514201	7426100	13	548	0	5	5	729	3,425
D3.600 4.300	501301	7399600	19	399	1	13	12	259	2,995
D18.200 19.050	516052	7414201	17	544	0	3	3	997	2,839
D3.300 3.600	500600	7399301	13	388	1	5	4	623	2,774
D4.700 3.950	500950	7400701	13	397	5	8	3	978	2,759
D17.950 19.250	516251	7413949	17	546	0	2	2	1,399	2,727
D3.950 4.400	501396	7399950	13	391	0	6	6	411	2,590
D3.600 4.350	501348	7399600	19	402	1	11	10	255	2,488
D3.750 4.000	501000	7399750	13	391	0	9	9	286	2,464
D4.000 4.400	501400	7399999	13	398	0	7	6	367	2,238
D3.350 4.000	501002	7399353	13	398	0	7	7	308	2,174
D18.000 19.250	516246	7414010	11	544	0	1	1	1,583	2,137
D3.900 4.250	501249	7399896	13	397	1	8	6	326	2,083
D3.850 4.050	501054	7399851	13	395	0	5	5	424	2,080

Aussinanis drilling

4. Tubas Trench

A bulk sample trench has been completed at the Tubas project (JORC Code Inferred Mineral Resource of 77.3 million tonne at 0.023% (228 ppm) U_3O_8 at a cut-off grade of 100 ppm U_3O_8 for 17,600 tonne or 38.8 million pounds of contained U_3O_8 – ASX 21 November 2007).

The N-S trench was centred on drillhole B2.800 7.500 (UTM 491805E 7467751N) which returned an average assay of 1,638 ppm U_3O_8 over 10 metre from surface. Four other RC holes were drilled at 5 metre spacings either side of this hole so the results from the trench wall channel samples can be compared back to the holes' chemical assays and radiometric logging equivalent uranium results.

As reported (ASX 21 May 2008) the trench was excavated to provide information on: -

- Mineralisation style and controls;
- Grade distribution;
- Geological controls;
- Host rock characteristics (i.e. free-digging);
- Bulk density;
- Disequilibrium: and,
- Metallurgical and extraction tests.

In detail the trench was 20 metre long at its planned terminal depth of 10 metre and in part was excavated to 11 metre as it was not possible to penetrate the hard calcrete base. The attached photographs show the 2 metre benched construction of the trench. The walls of each cut and its floor were channel sampled on one metre block patterns. This generated in excess of 4,000 samples that will take two to three months to assay, as priority is being given to samples from the ongoing JORC Code orientated drilling campaigns.

Tubas: Start of trench through surface gypsum layer

The samples from the four vertical channels for the one metre square immediately around RC drillhole B2.800 7.500 which assayed 1,638 ppm U_3O_8 over 10 m (trace of hole can be seen in the photograph below) were assayed as a priority and the average XRF assay for each vertical metre is given in the table below.

Depth in metre	XRF Assay in ppm U_3O_8
0 to 1	92
1 to 2	154
2 to 3	275
3 to 4	493
4 to 5	3,672
5 to 6	1,862
6 to 7	1,472
7to 8	2,309
8 to 9	853
9 to 10	1,781

Of note is that the average assay value for the complete section is 1,296 ppm U_3O_8 over 10 metre from surface using no cut-off. Applying a 100 ppm cut-off this value becomes 1,430 ppm U_3O_8 over 9 metre. Applying a 200 ppm cut-off this value becomes 1,590 ppm U_3O_8 which represents the sand section only.

Tubas: Final trench profile showing upper gypsum layer 0 – 2 m depth and mineralised red sand to the bottom of trench.

As can be seen from the photograph above there is a gypsum layer varying in thickness to 2 metre overlying a mostly unconsolidated fine to medium-grained variably organic carbon rich red sand layer varying in thickness to 9.5 metre. Calcrete nodules occur within the sand and in the base of the trench. The sand has no obvious internal structure, but is most likely a buried dune or meander bank deposit. Red sand was commonly found to be the host during the Tubas drilling campaign in 2007 and the drill logs will be re-interrogated with the geological knowledge gained from the trench mapping.

Although the overlying gypsum and the calcrete within and below the sand is variably mineralised, the bulk of the uranium mineralisation occurs in the red sand.

Distribution of carnotite occurs as blebs and blotches or is finely distributed throughout the sand quite often as a uniform dusting causing a slight yellow discolouration of the host red sand and is quite spectacular as can be seen in the photographs below.

It is important to note that the complete section down to the basal calcrete at around 11 metre is free digging.

The samples are being processed in batches with the first 500 assays expected shortly. Bulk samples have also been collected for trial bench-scale leach tests that are currently being conducted and for later larger scale testwork. Bulk density tests are underway and samples for uranium disequilibrium studies have been delivered to ANSTO in Australia.

Once all assays are in hand the extent of the host sand will be mapped out through detail drilling (possibly sonic or rotary auger) although geophysical methods will also be trialled. What is apparent though is that carnotite will most likely be lost during RC drilling by being blown out the cyclone stack due to its commonly fine distribution.

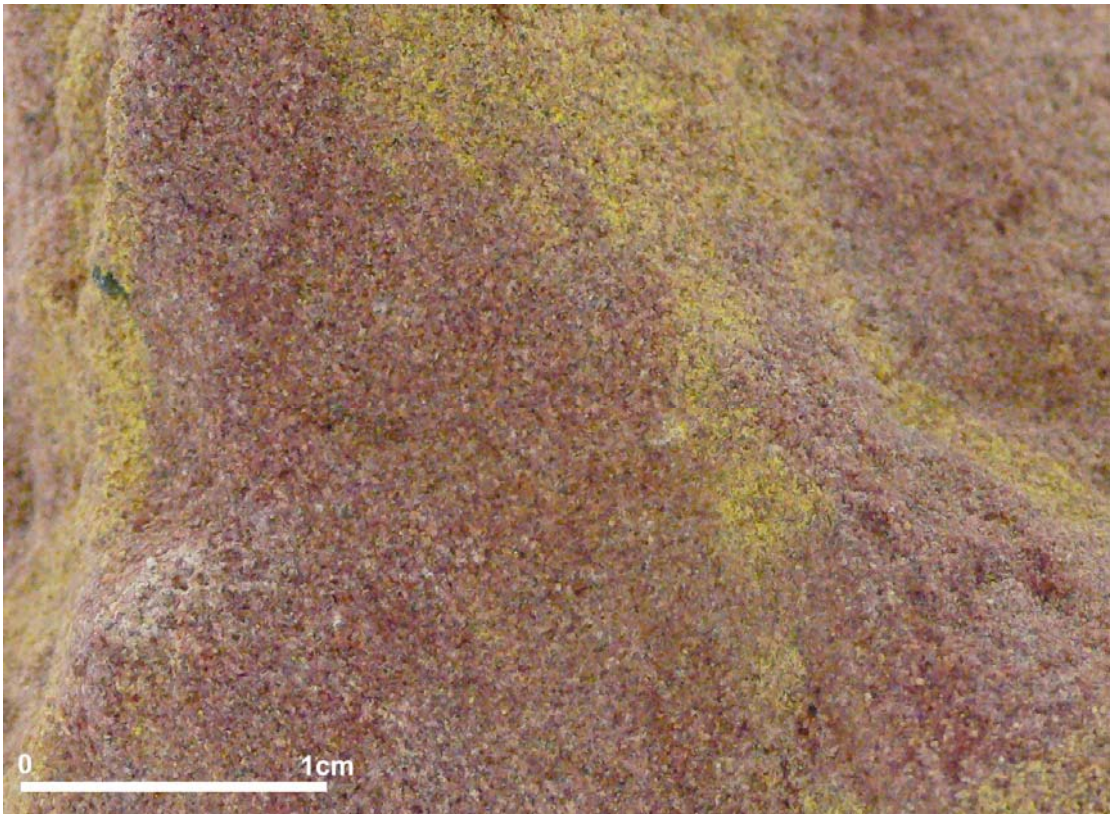
Tubas: Coarse carnotite accumulations in mineralised sand 2-4 m depth.

Tubas: Entire area exposed is mineralised red sand. Note 1 metre channel sample scars.

Tubas: Pervasive carnotite mineralisation through red sand

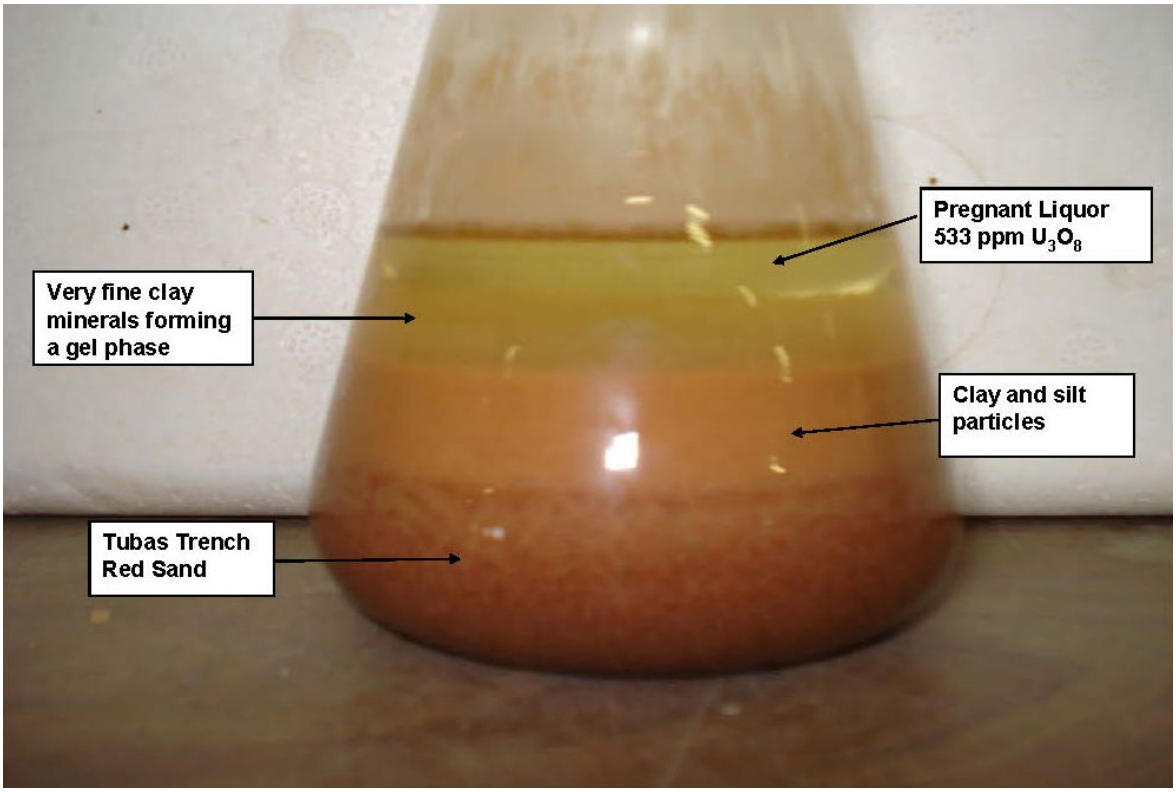
Tubas: Trace of borehole at 10.5 metre

Tubas: Carnotite cementing red sand



Tubas: Close-up of carnotite cementing red sand

Tubas: Stockpiled mineralised red sand available for testwork



Tubas: 842 ppm U_3O_8 red sand trial leach sample contained 54.4 ppm in the tailings for 94% leach efficiency

5. Tubas North Alaskite Prospect

As previously reported (ASX 4 March 2008) Reptile has been evaluating the potential of the uraniferous alaskites within the northern Tubas area. A total of five RC percussion drill holes for 744 metre and one diamond core hole for 500 metre have been completed to date.

The alaskite outcrop shown in the photograph below comprises of grey white alaskite bands intercalated with dark grey to black gneissic granite (the diamond driller's camp can be seen at the base of the hills).

Tubas North Alaskite Prospect

The diamond drill core is yet to be split, sampled and assayed. Downhole radiometric logging returned extensive +100 ppm eU_30_8 values (see ASX 30 April 2008) typical for such alaskitic material in the area as reported by other explorers with adjoining tenements.

Due to these apparent low grades when compared to Reptile's other projects no further drilling is planned for this project for the foreseeable future.

However, importantly secondary uranium mineralisation is developed in sands and calcrete within a broad plain south-southwest from the outcrop areas and the AEM survey indicates a possible channel system that will be drill tested later this year (see Figure 12). This drilling will also test the alaskite potential beneath cover and the palaeochannel potential southwest from the northern tenement boundary.

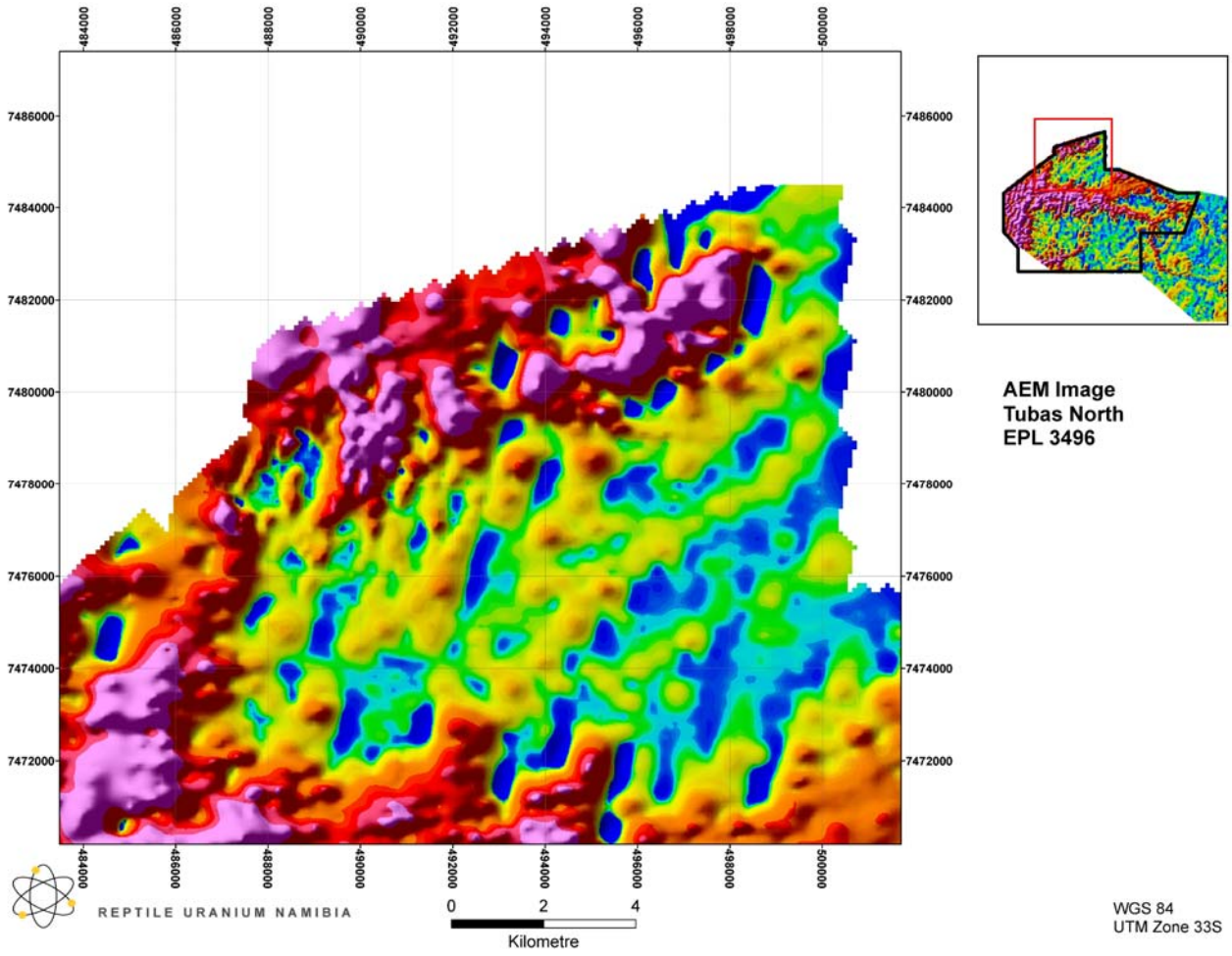


Figure 12: AEM image of Tubas North indicating possible channel development off mineralised alaskite

6. Tubas uraniferous magnetite

As reported (ASX 4 March 2008) Reptile intersected wide zones of uranium mineralisation (up to 115 metre of 229 ppm eU_3O_8 from 14 metre in DDH ADM02) in hitherto unknown uraniferous magnetite and altered iron oxide enriched strata in the northern portion of its Tubas tenement (EPL 3496) at the M1 prospect (see Figure 13).

Given that the 5 RC rigs currently employed by Reptile are committed to JORC Code resource drilling on its calcrete hosted uranium projects there was a hiatus in activity at this project until another RC rig could be sourced. This sixth rig is now drilling nominally 100 metre deep vertical holes on a 100 metre grid basis in the vicinity of DDH ADM02 to assist in a better understanding of the geology and the controls on the distribution of uranium and magnetite mineralisation. During the Quarter 32 holes were drilled and it appears the mineralised zones are spatially related to a marble unit. The marble may have acted as a cap or favourable depositional environment for uranium and iron from mineralising metasomatic fluids. Significant intercepts from the drill programme are given in Table 6.

It appears that the sub-surface (blind) mineralisation indicated by the drilling to date is sub-horizontal and that it coincides with airborne electromagnetic (AEM) anomalies outlined by the recently completed survey in the areas tested to date.

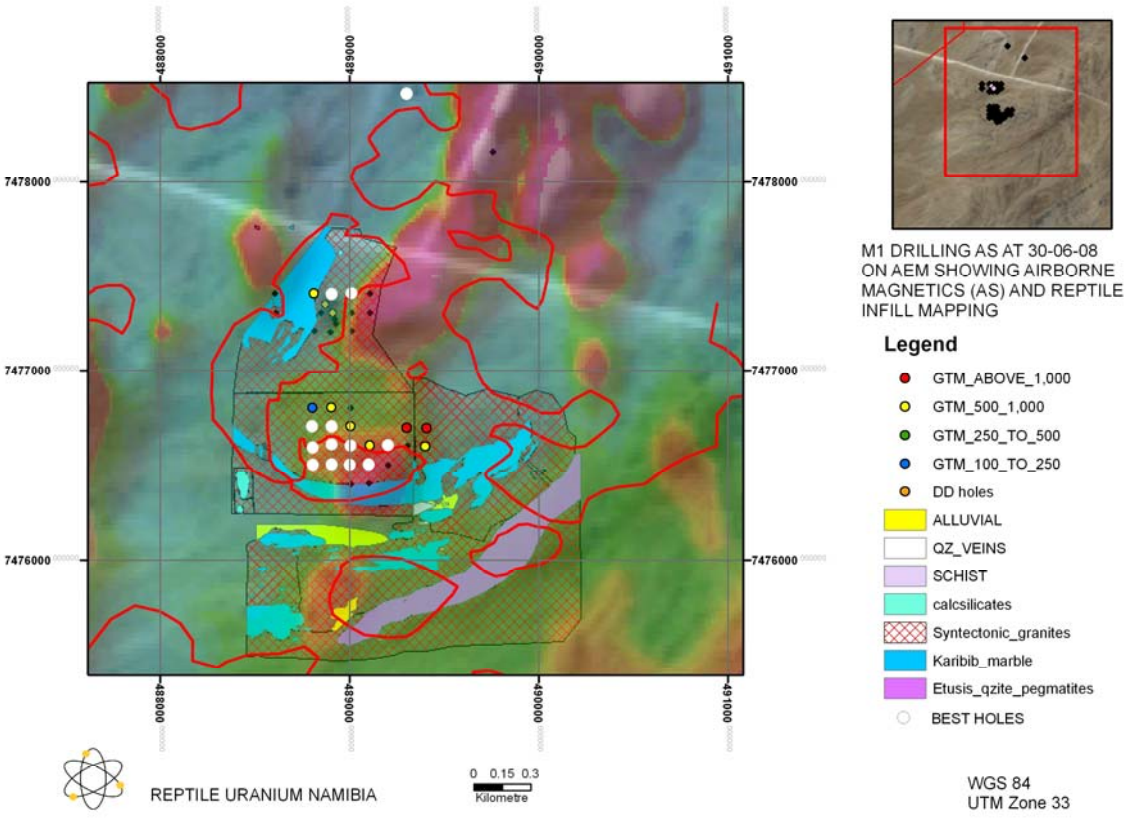


Figure 13: M1 area with holes in Table 6 highlighted

Table 6: M1 Area - Significant Vertical RC Drill Intercepts for Quarter

HOLE	UTM_E	UTM_N	TD	FROM	TO	INT	eU_3O_8	GTM
AM1_8.300 11.200	488804	7476705	100	68	80	12	783	9,283
AM1_8.500 11.200	488806	7476505	100	78	87	9	672	6,215
AM1_8.400 11.000	489005	7476605	106	82	89	7	826	6,155
AM1_8.300 11.100	488906	7476706	103	45	61	16	305	4,870
AM1_8.500 10.900	489105	7476507	100	24	40	16	249	3,994
AM1_8.400 11.100	488905	7476606	109	14	30	16	239	3,885
AM1_8.500 11.200	488806	7476505	100	58	68	10	311	2,999
AM1_8.400 11.200	488804	7476593	103	37	44	6	452	2,912
AM1_8.400 11.100	488905	7476606	109	89	96	8	370	2,831
AM1_8.500 11.200	488806	7476505	100	42	49	7	384	2,667
AM1_8.400 11.200	488804	7476593	103	22	32	10	246	2,550
AM1_7.600 11.100	488907	7477404	100	82	95	12	201	2,457
AM1_8.400 11.000	489005	7476605	106	92	97	5	461	2,395
AM1_8.500 11.000	489005	7476505	91	27	31	4	542	2,222
AM1_8.400 10.800	489204	7476606	103	59	63	3	609	2,071

Selected sections of the diamond core from hole ADM02 (ASX 4 March 2008) were sent to Australia for detailed multi-element chemical analyses and petrographic studies. While detailed reports from these studies are pending it is clear this is an area of significance with high-grade assays for uranium (up to 0.5% U_3O_8) as can be seen in Table 7 and iron (up to 45% Fe_2O_3).

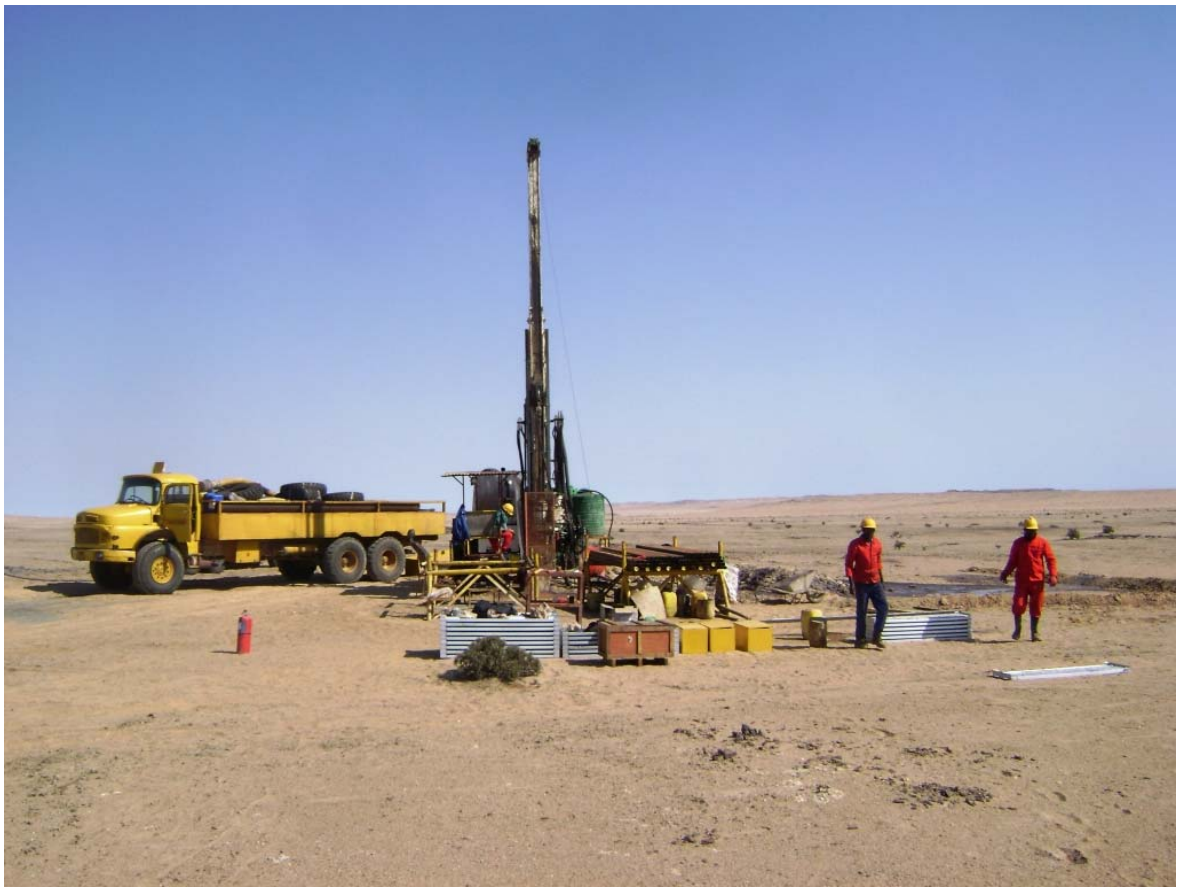
Table 7: Chemical assays of selected diamond core from hole ADM02

Sample Depth (m)	U_3O_8 (ppm)	Total Iron (Fe_2O_3 %)
27.5	543	17.71
37.4	4,918	20.22
75.8	1,632	45.52
79.0	755	30.83

It is evident that additional AEM anomalies exist which are similar to the anomaly within which M1 occurs and where the results above come from. Given their spatial relationship with the marble these extensive and potentially prospective anomalies will also be drill tested.

A 500 metre deep vertical stratigraphic diamond drill hole is also presently being drilled to test a significant buried magnetic anomaly in the south central portion of the Tubas EPL.

RC Drilling on M1. Note magnetite float in foreground.



Stratigraphic 500 metre diamond drillhole underway

The discovery of this new style of mineralisation in Reptile's tenements is significant for a number of reasons namely: -

- The association of the uranium with iron and magnetite (up to 45%) lends additional economic potential and is being investigated.
- There are numerous similar undrilled magnetic anomalies outlined by the airborne magnetic survey in the Tubas EPL west of the Welwitschia fault;
- The extensive distribution of surface magnetite accretions over a 17 by 5 km area; and,
- The apparent association at M1 with marble and AEM anomalism could assist with exploration and distribution studies.

Some of the target areas outlined to date are depicted in Figure 14.

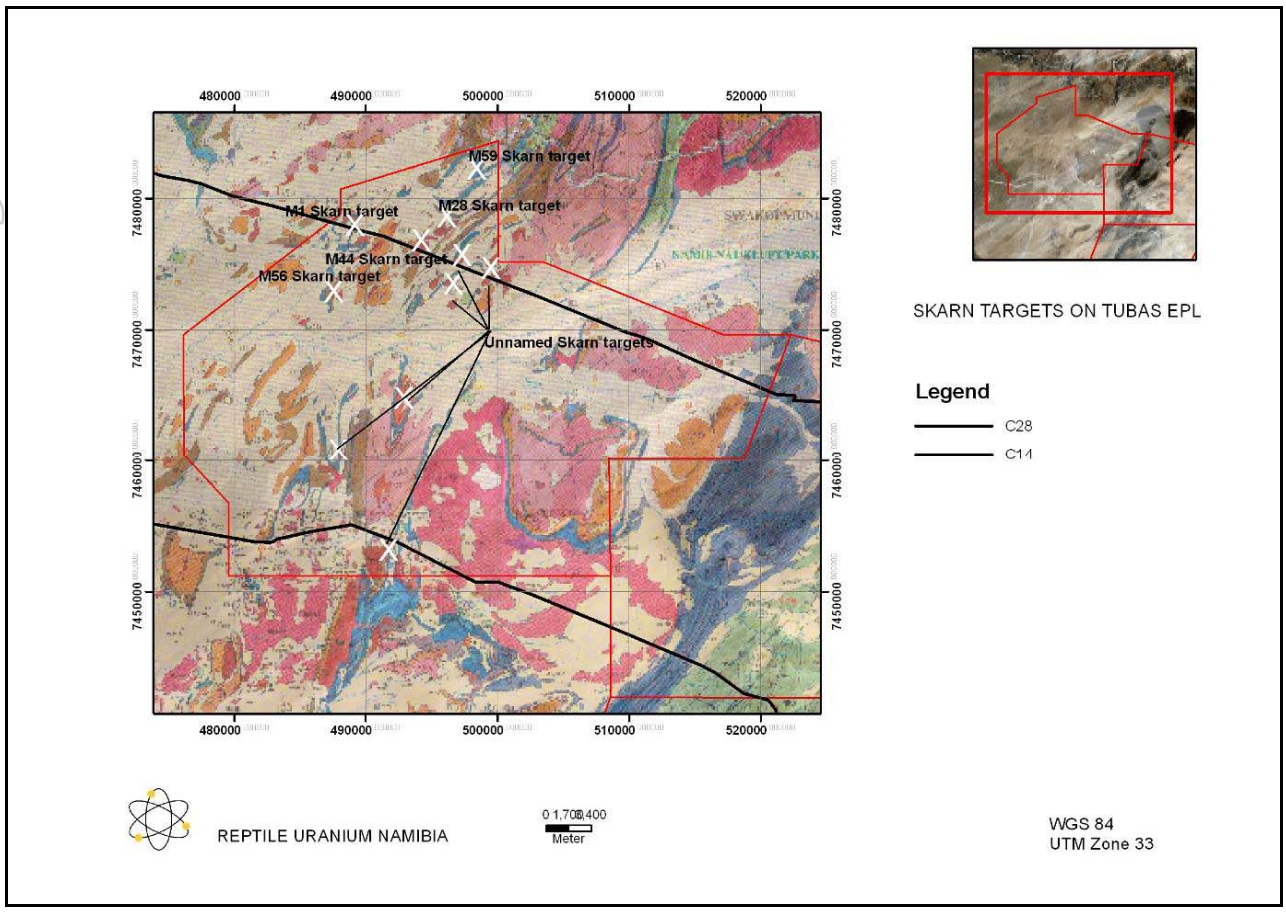


Figure 14: Further magnetite / skarn targets on Tubas EPL.

7. Rehabilitation

Reptile employs three qualified environmental control officers to ensure all rules about operating in the Namib-Naukluft Park are adhered to at all times and the Company employs two local rehabilitation contracting companies to backfill all holes once logged and repair all tracks. This is done by raking, sweeping, brushing and wetting the damaged areas as soon as practical after drilling is completed in a specific area and at present approximately 75% of all areas have been rehabilitated.

Rehabilitation crews

EXPLORATION - AUSTRALIA

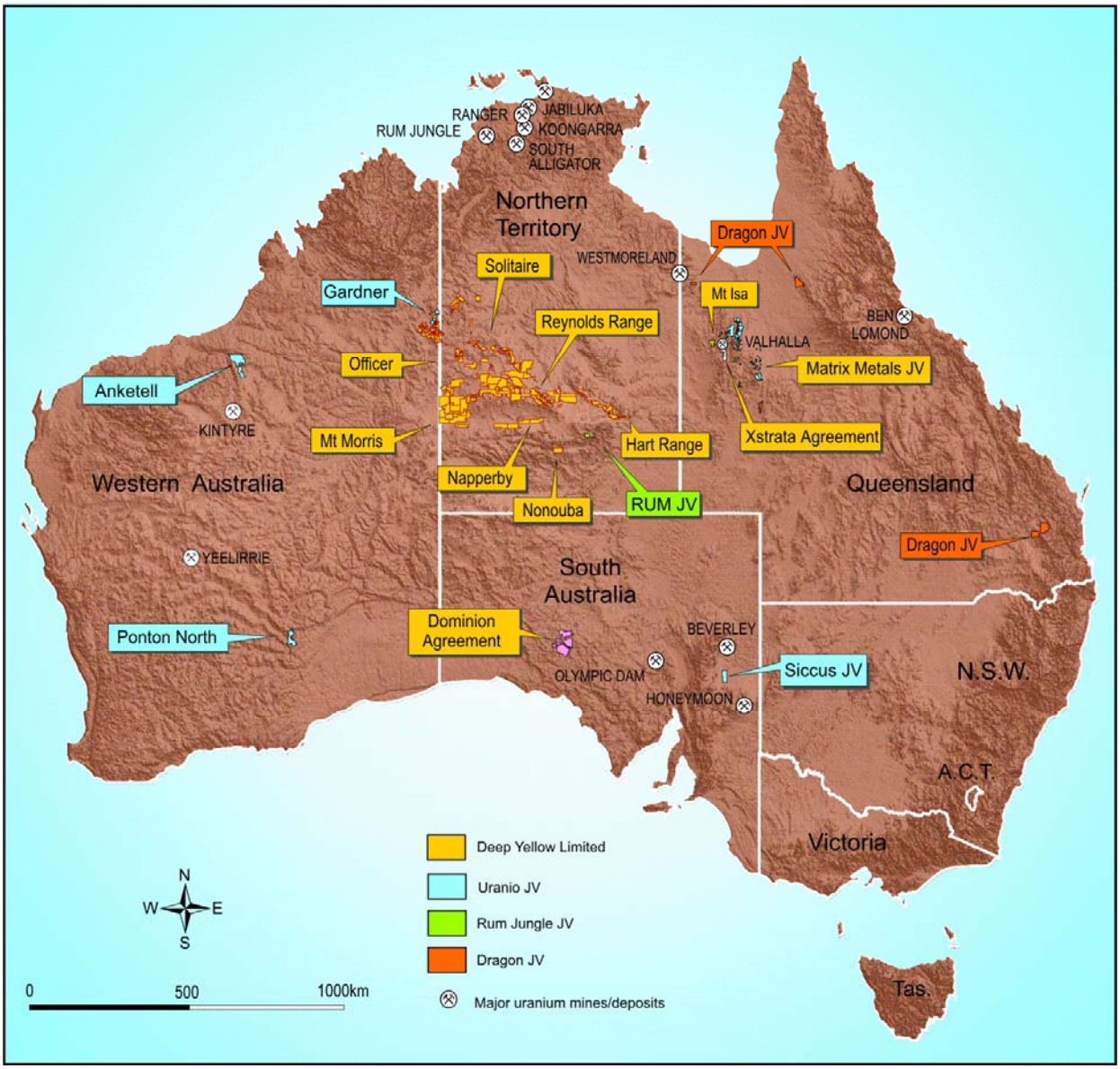


Figure 15: Australian Projects

QUEENSLAND

MT ISA DISTRICT

PROSPECTOR EPM 15070 (DYL 100%)

- **XRF chemical assay results from diamond drilling at Queens Gift return:**
  - **23.0 m @ 634 ppm U_3O_8; and,**
  - **25.0 m @ 338 ppm U_3O_8**

Queens Gift Prospect

The Queen's Gift diamond drilling programme was suspended after six holes for 969 metre was completed including one abandoned hole. One diamond hole remains to be drilled (see Table 8).

Table 8: Queens Gift Diamond Drill Hole Summary

Drill hole (site)	GDA94 E	GDA94 N	Dip	Azi (True)	Total Depth (m)
QGDC001 (NI)	319412	7781533	-60	354	206.1
QGDC002 (N2)	319497	7781314	-60	354	180.7
QGDC003a (N3) *	319501	7781226	-60	354	30.0
QGDC003 (N3)	319501	7781224	-60	354	149.7
QGDC004 (N4)	To be drilled		-60	270	
QGDC005 (N5)	319476	7781600	-90	-	150.8
QGDC006 (N6)	319502	7781233	-60	060	251.7

***** Hole abandoned

Assay results have been received from three of the six diamond drill holes completed. QGDC001 was drilled to determine the extent and orientation of the mineralised zone that was encountered by 2007 RC percussion drilling. Mineralisation was intersected down-plunge of previously reported holes DQRC0032 and DQRC0033 and confirmed an interpreted cross cutting fault zone. Situated adjacent to a basalt, the mineralised zones are foliated and often brecciated with pervasive hematite and carbonate alteration (see photograph of core).

QGDC002 and QGDC006 are located 200 metre and 300 metre south of QGDC001 respectively and intersected similar styles of mineralisation as in QGDC001, see Table 9 and confirmed previous RC percussion drill intersections. A final report on the diamond drill programme is in preparation and will include information on the timing of the alteration/mineralising events and associated deformation history.

Table 9: Queens Gift XRF Chemical Assay Results

Drillhole	UTM		Azi	Dip	TD (m)	Depth (m)		Interval (m)	eU_3O_8 (ppm)
	East	North				From	To		
QGDC001	319410	7781530	000	-60	206.1	125.0	150.0	25.0	338
QGDC002	319501	7781315	000	-60	188.7	74.0	97.0	23.0	634
QGDC006	319505	7781234	040	-60	251.7	154	161.0	7.0	451

Further diamond drilling and RC percussion is planned for the Queens Gift Prospect area later in the field season following priority drill programmes on the Ewen and Isa West Project tenements.

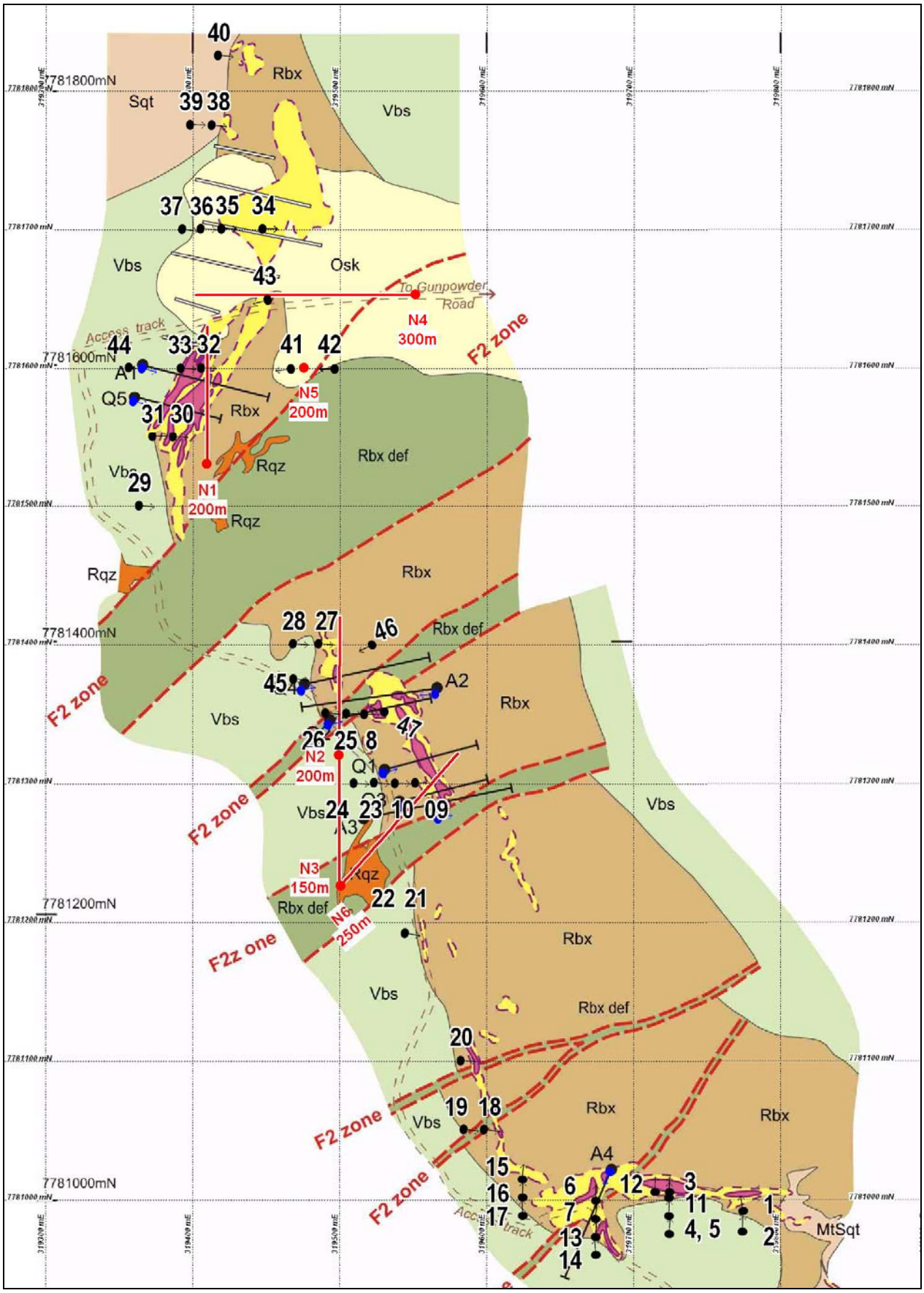


Figure 16: The Queens Gift diamond drill holes (sites N1 to N6). All have been drilled except site 4.

Diamond Drilling Queens Gift Prospect

Close-up of hematite alteration – brecciation – Hole QGDC001

NW QUEENSLAND JV (earning 80% from Matrix)

EMP 14916 Ewen

Mapping and ground radiometric surveys were completed over the Bluestone, Whan, Crystal, Slance, Conquest, Lochness and Lochness North prospects within EPM 14916.

An RC drill programme comprising 113 holes has been designed to test the prospects. An initial programme of 75 holes will commence on 25th July with the balance of the programme being results driven. The prospect locations illustrated in Figure 17.

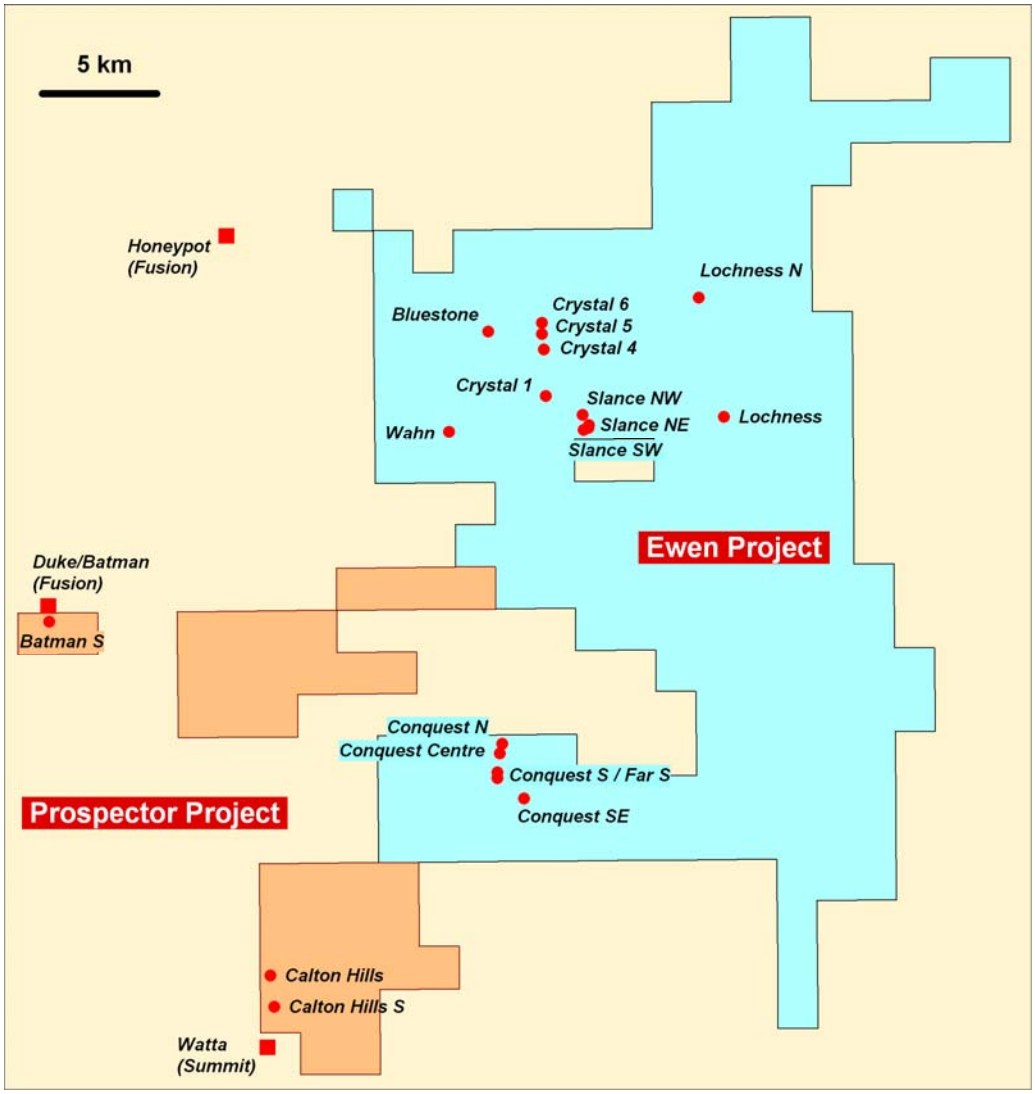


Figure 17: EPM 14916 Ewen Project prospect locations

ISA WEST PROJECT (earning 100% of uranium rights from Xstrata)

As previously announced to the ASX (21 January, 2008) **DYL** reached agreement with Mount Isa Mines Limited (a company within the Xstrata Group) (**Xstrata**) whereby **DYL** may (subject to a number of conditions) ultimately acquire 100% of the uranium rights over six (6) tenements held by **Xstrata**. The tenements (see Figure 18) cover a total of 504 km^2 immediately west of the Mt Isa townsite/minesite.

The six Exploration Permits for Minerals (EPMs) are known collectively as the Isa West Project and importantly they cover extensive basalt and sediment sequences of the prospective Haslingden Group which hosts the Valhalla and Skal (Summit/Paladin) and Queens Gift (**DYL**) uranium deposits (see Figure 18).

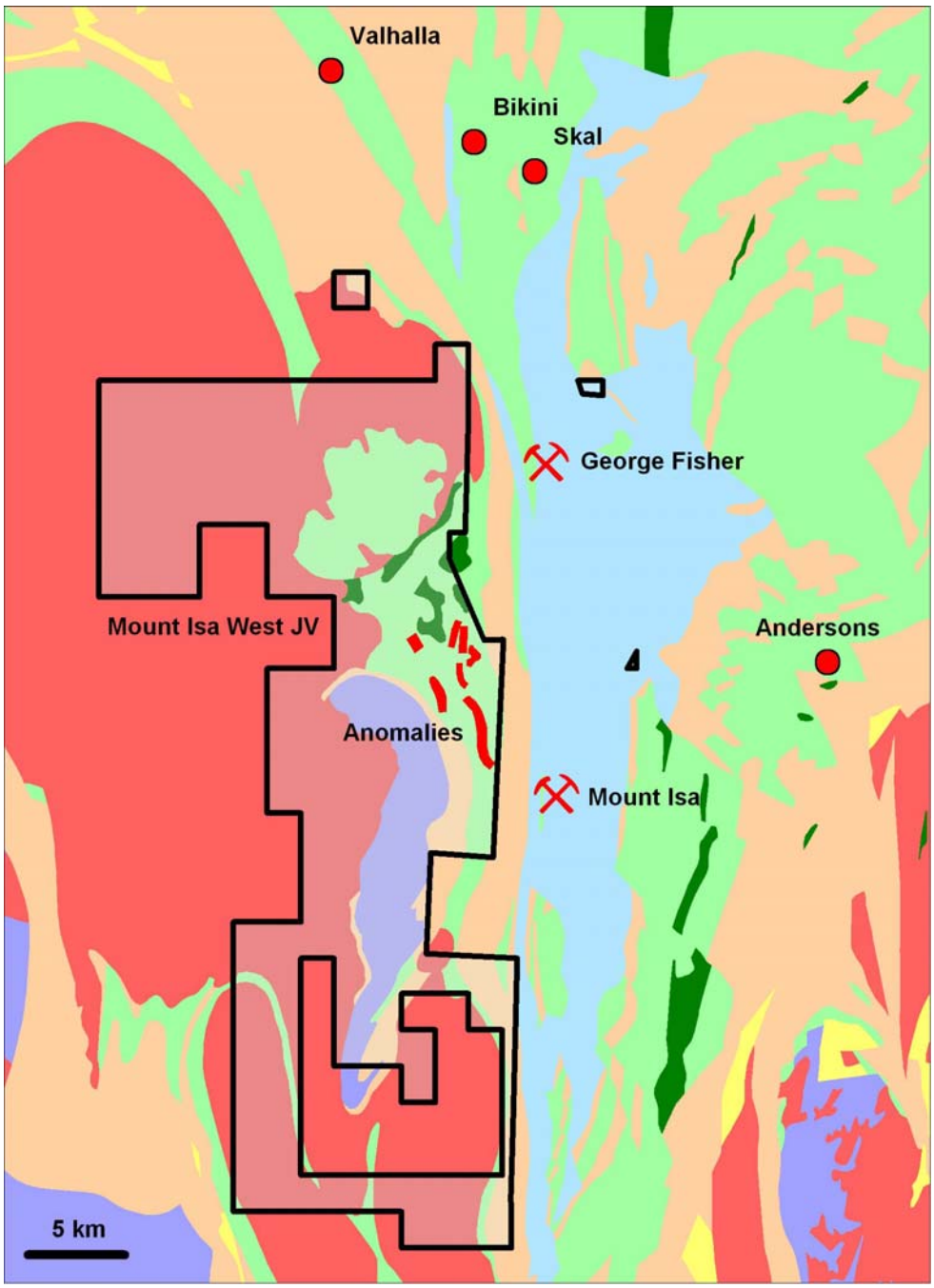


Figure 18: Isa West Regional Geology and Tenement Locations

The study of historic uranium (and base metal) exploration during the Quarter confirmed a cluster of uranium prospects hosted by Haslingden Group basalts and sediments. Mapping and sampling of the prospects is approximately 75% complete with assays pending.

A number of anomalous zones (drill targets) have been outlined (see Figure 19) and are awaiting clearance for drilling by the Kalkadoon TOs.

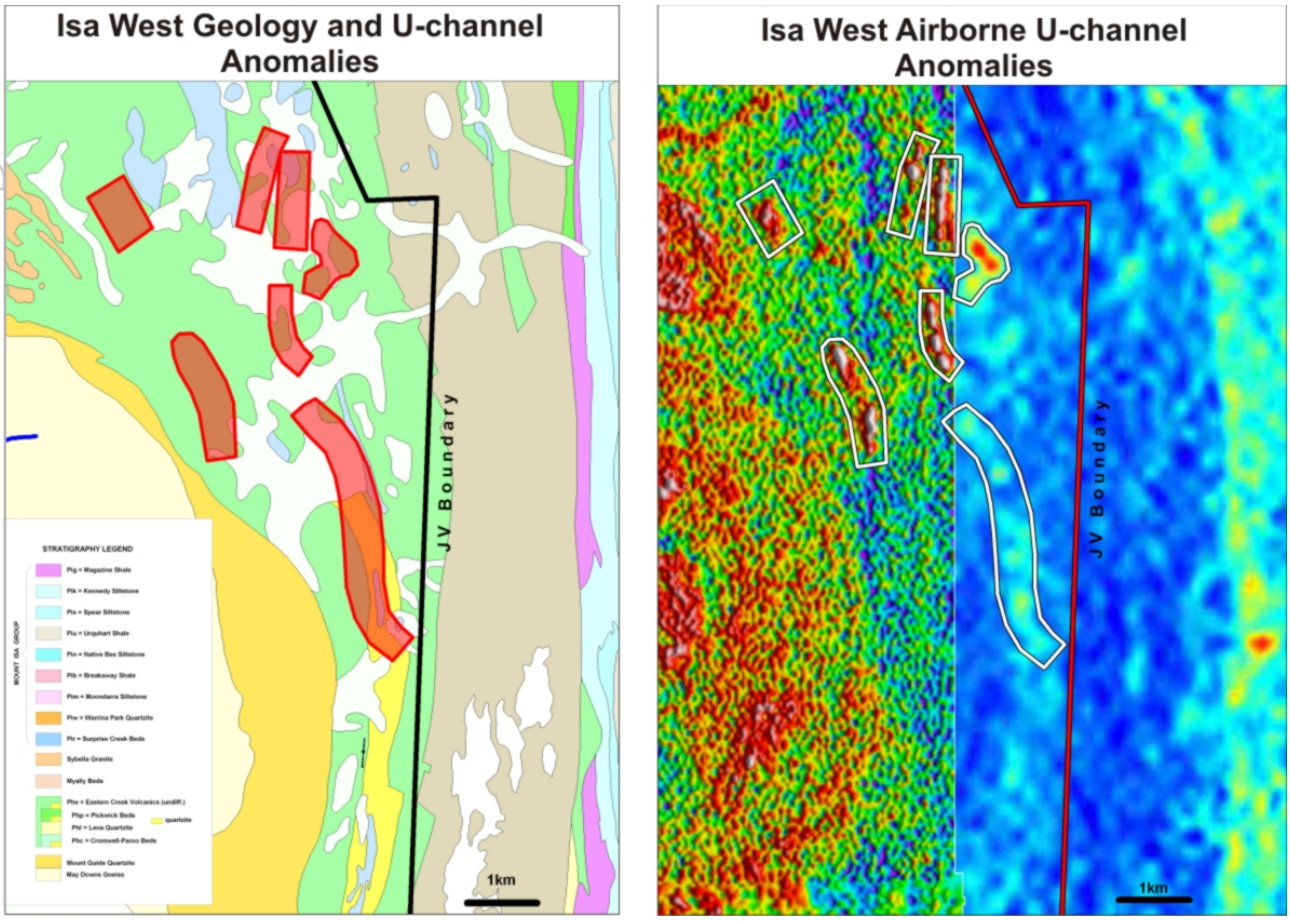


Figure 19: Uranium Anomalies Isa West Project

At two of the prospects shallow shafts were sunk and material mined in the 1950s. Historic trenching results include:

- 3 m at 1,450 ppm U_3O_8
- 5 m at 3,300 ppm U_3O_8 and
- 8 m at 800 ppm U_3O_8
- 5 m at 3,600 ppm U_3O_8

Several of the 1970's trenches have been selectively resampled and prospected using a handheld spectrometer to confirm mineralised zones. Chemical assay results from the DYL channel sample programme will be available shortly.

NORTHERN TERRITORY

Napperby Project
(DYL 100% - Toro Energy Limited Option to Purchase)

Toro Energy is continuing its 2008 resource drilling program at the Napperby Project, with both sonic core and aircore drilling continuing. Toro will provide an update in their forthcoming June Quarterly.

2008 EXPLORATION PROGRAMME

In June DYL was advised by the Central Land Council (CLC) that the Traditional Owners (TOs) had vetoed DYL's request to carry out uranium exploration over the Birrindudu Project tenements in the northwest Tanami area. Accordingly DYL has withdrawn its interest in the uranium rights to the Birrindudu tenements.

DYL has been advised by the CLC that the Traditional Owners' have accepted its proposal to explore for uranium on EL25601 (Anningie Project – see Figure 20) located 200 km north of Alice Springs. A draft agreement for the Mt Doreen Project was also received from the CLC and DYL has agreed to the proposed terms and conditions and anticipates signing the agreement in August.

Planned exploration programmes for the period August to October 2008 are given in Figure 21 and include an aircore drilling programme totalling 15,000 metres and an Airborne Electromagnetic survey of approximately 3,000 line kilometres.

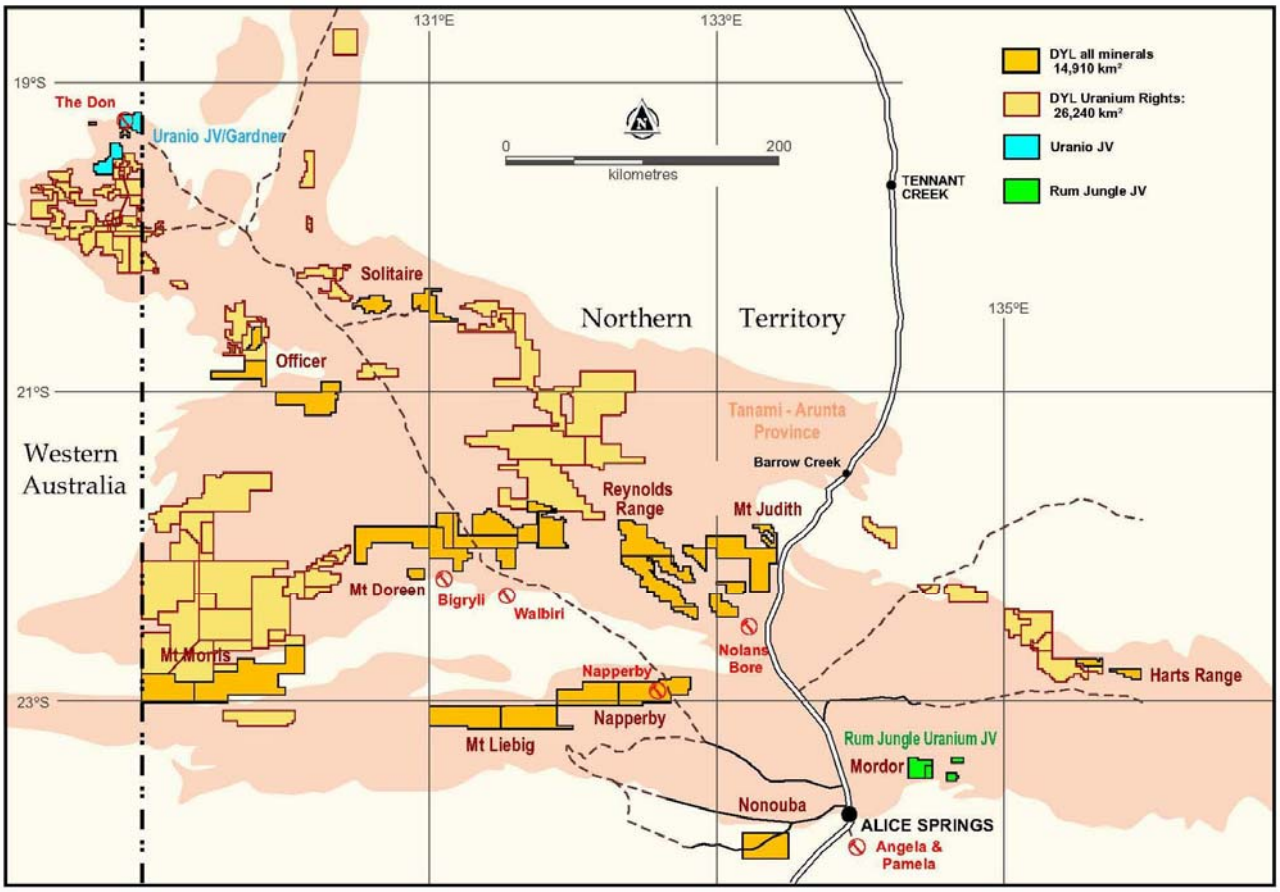


Figure 20: Central Northern Territory Tenement Interests and JVs

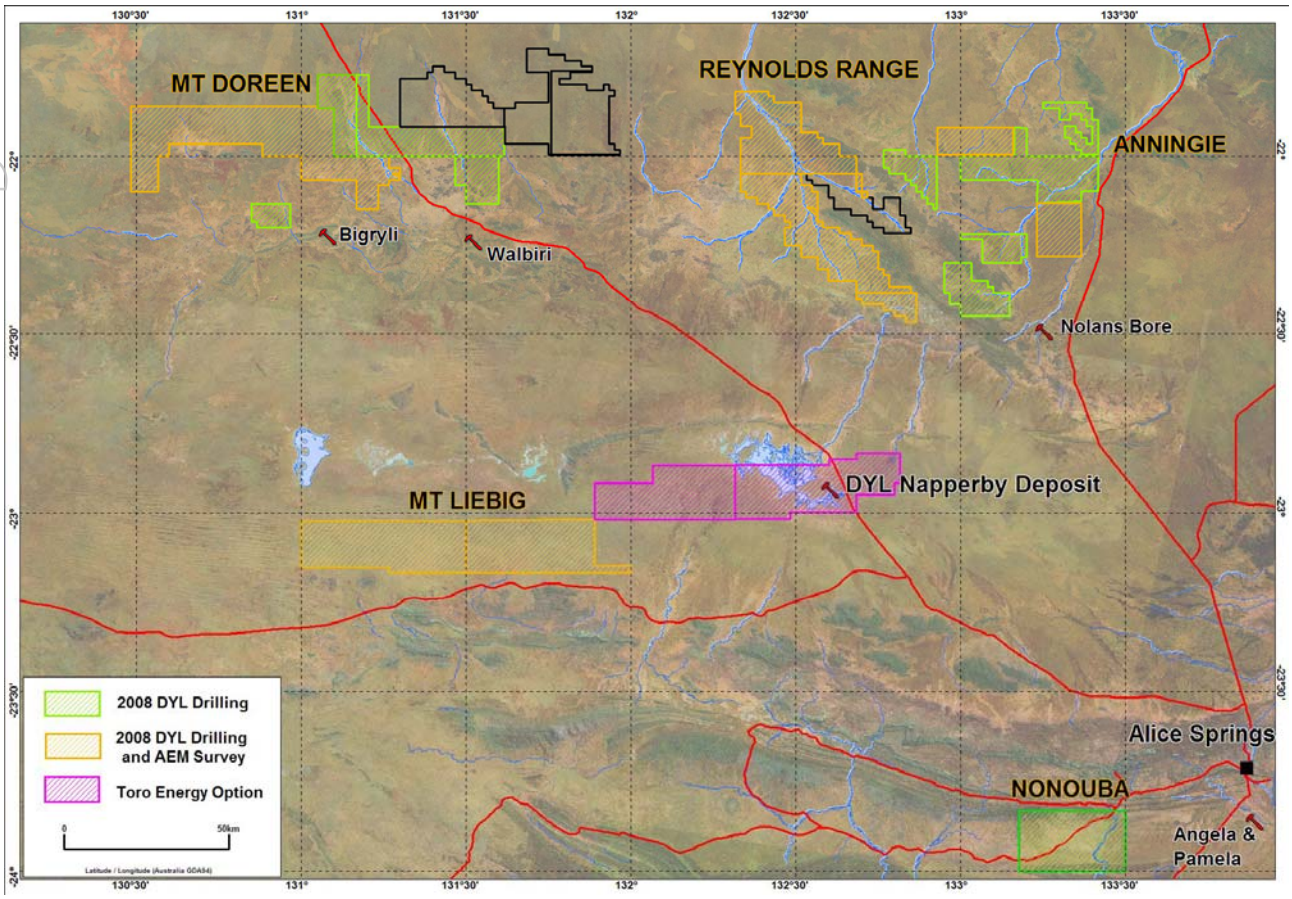


Figure 21: 2008 Drilling and Airborne Electromagnetic Survey Programme

Anningie Project - EL 25601 Nancy Hill

A meeting of TOs, the CLC and DYL representatives was held in Alice Springs on 24th June with respect to DYL's application for access to EL 25601 – Nancy Hill located 200 km north of Alice Springs. The CLC have since given verbal advice that the TOs have agreed to negotiate an 'Exploration Deed' so giving DYL access to the tenement.

The target within the tenement is shallow calcrete hosted uranium mineralisation associated palaeochannels flowing north off the high uranium background granites in the Nolan's Bore area. Historic drilling within DYL's adjacent EL 23924 – Anmatjira (Reynolds Range Project), located to the northwest of EL 25601, returned anomalous to low level uranium values at shallow depth in calcrete also with a provenance in the 'hot granite suite'

JOINT VENTURES

Uranio (DYL 30%)

Uranio Ltd (Uranio) is planning diamond and RC percussion drill programmes on the Gardner Range Project in Western Australia. The drilling is following up on previously intersected mineralisation at the Don Prospect within E80/3275 where drilling in the 1980s returned 0.44 m at 1.5% U_3O_8 from 40.5 m depth.

At the Ponton North Project in the Eastern Goldfields, Uranio will drill 3,500 metre of Aircore targeting uranium mineralisation within a palaeochannel system contiguous with the Mulga Rock Deposit.

Rum Jungle (DYL 50%)

Rum Jungle Uranium (RJU) is planning to commence drilling on the Arltunga (EL22918) and Ambulindum (EL10360) tenements following clearance from the Mines Department and the Central land council.

Aircore drilling totalling 3,000 m in 150 holes at Arltunga and 1,500 m in 40 holes at Ambulindum is planned to commence in early August.

Dragon Energy (100% DYL)

Owing to the market downturn Dragon Energy Ltd have deferred their proposed IPO listing until at least November 2008. In the meantime they are maintaining the Joint Venture tenements in good standing.

CORPORATE

Farm Out of Rights to Non Uraniferous Minerals at Sherrin Creek

During the Quarter wholly owned Deep Yellow subsidiary, Superior Uranium Pty Ltd (Superior), entered into an agreement with WCP Resources Ltd (ASX Code: WCP) to provide WCP with the option to earn a 100% interest in all minerals (other uranium and associated minerals) on the Company's Sherrin Creek Prospect (Queensland tenement EPM 16007).

The EPM 16007 tenement - 70 kilometres northwest of Mount Isa - covers 351 square kilometres in an area with phosphate deposits in the Georgina Basin, Queensland. WCP is particularly interested in extending known phosphate mineralisation on the EPM. Previous drilling on EPM 16007 returned encouraging intercepts of P_2O_5 with hole Y105 containing 14.5 metres of 12.93% P_2O_5 from 16.8 metres depth, including 9.9 metres at 15.38% P_2O_5 from 19 metres depth; and hole SC27 containing 11.9 metres at 15.41% P_2O_5 from 33.8 metres which includes 7.9 metres at 21.71% P_2O_5 from the same depth.

The terms of the agreement provide for WCP to earn a 100% interest in all minerals contained within EPM 16007, with the exception of any uranium and associated deposit minerals which shall remain 100% owned by Deep Yellow. Consideration for the earn in comprises two tranches:

- an upfront payment of $100,000, which has been satisfied by the issue of 1,325,590 ordinary shares in WCP (escrowed for twelve months); and
- an additional payment of $250,000 worth of WCP's ordinary shares at a price equal to the Company's 5 day VWAP in the event it elects to retain its interest in twelve months time.

WCP is responsible to ensure that the statutory expenditure levels and annual work programs for the tenement are met.

Employee Options Lapse

During the Quarter 2,300,000 options which had been issued to employees lapsed in accordance with their terms.

Dr Leon Pretorius
Managing Director
Deep Yellow Limited

Further Information :

Martin Kavanagh
Executive Director
+61 8 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 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.

Where eU_3O_8 is reported it relates to values attained from radiometrically logging boreholes with Auslog equipment using an A675 – slimline gamma ray tool. The probe has been calibrated at the Pelindaba Calibration facility in South Africa with calibration certification provided by Geotron Systems (Pty) Ltd a geophysical consultancy based in South Africa. All eU_3O_8 results reported are affected by issues pertaining to possible disequilibrium and uranium mobility which should be taken into account when interpreting those pending confirmatory chemical analyses.