



31 October 2014

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 30 SEPTEMBER 2014

HIGHLIGHTS

Corporate

- DYL's cash position strengthened due to a successful capital raising of \$4.5 million (before fees) via a non-renounceable rights issue and a placement to Sophisticated and Institutional Investors.
- DYL ended the quarter with cash resources of approximately \$5.3 million.
- Renewed investor interest in the uranium sector due to the Australian-Indian Civil Nuclear Cooperation Agreement and restart approval for two nuclear plants in Japan led to a small but steady improvement in the uranium spot price.

Omahola Project

- Further internal studies were conducted on the Project during the quarter following the encouraging results of the in-house Preliminary Economic Analysis completed in June. These studies had the objective of identifying a more optimal rate of future production and enhanced life of mine.

Exploration

- Mapping continued on selected targets identified in last year's target generation and prospectivity analysis study.

Tubas Sand Project

- The production of a sand concentrate for sale to an existing Namibian producer remains the preferred development strategy for this project in the short term, however this strategy remains conditional on securing an offtaker.
- DYL has to date been unable to secure an offtaker for the concentrate that could be produced by mining and physical beneficiation of the Tubas deposit and will thus proceed cautiously with future project expenditure.
- The option of incorporating the sand into DYL's flagship Omahola Project in the longer term remains.

Marenica Energy Limited *U-PGRADE*[™] Testwork

- In the light of the inability to secure an offtaker for the planned Tubas Sand Project product no further work was warranted on the potential use of Marenica Energy Limited's ('Marenica') *U-pgrade*[™] process to concentrate sand.
 - However discussions with Marenica on the possible application of its technology continued during the quarter following the encouraging results of earlier tests conducted on samples from the Company's palaeochannels.
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BUSINESS REVIEW

OMAHOLA PROJECT

Additional Studies

During the quarter further internal studies were conducted on the Project with the objective of identifying a more optimal rate of future production and enhanced life of mine. In the Preliminary Economic Analysis completed and announced in the previous quarter rates of production (in terms of uranium output) between 2.5 Mlbs/a U3O8 and 3.5 Mlbs/a U3O8 were modelled which would require between 7 ~ 10 Mtpa of ore to be mined and treated. These different production scenarios generated an estimated mine life of between 10 and 14 years. (See Figure 1 for a map of the Omahola Project's Resources.)

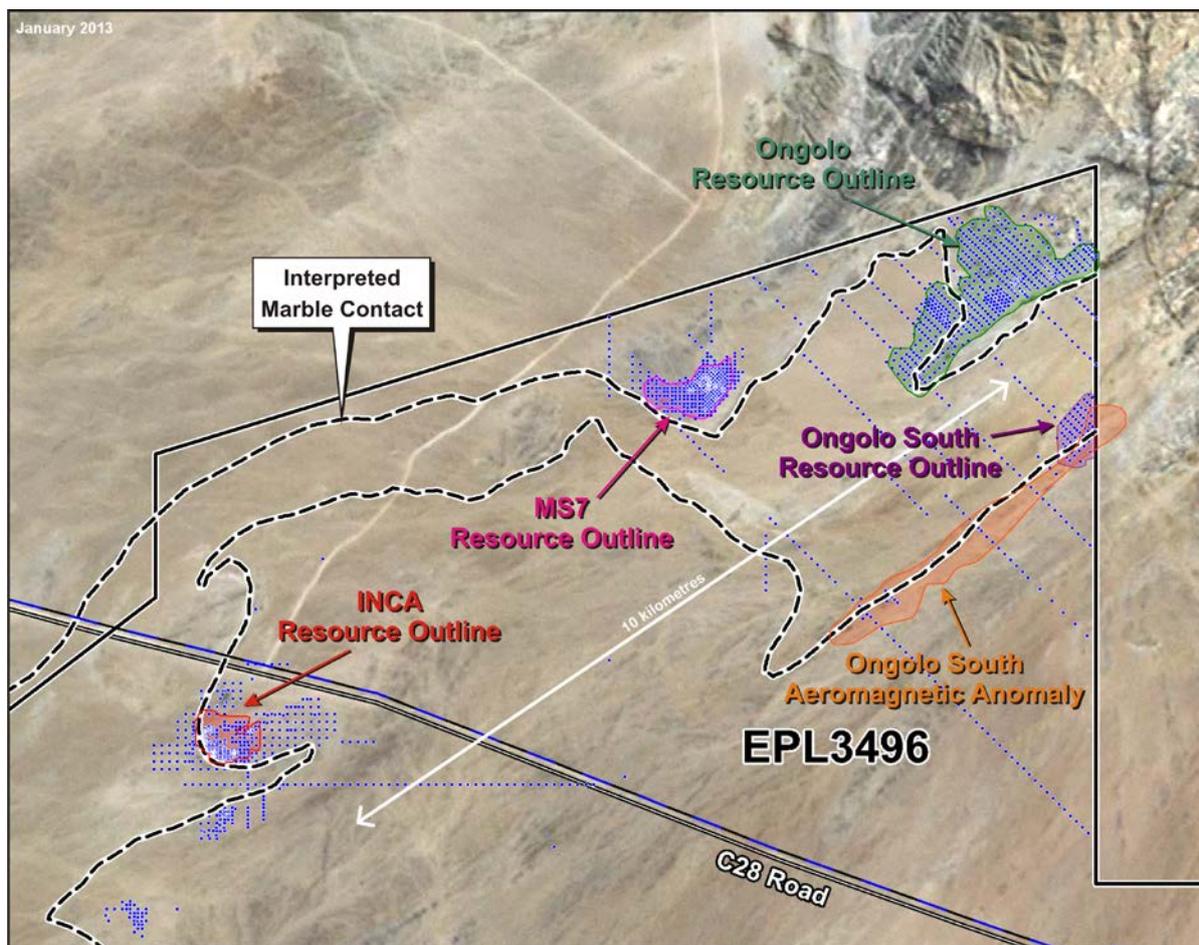


Figure 1: Locality Map Showing Omahola Project Resource Outlines

Acknowledging the importance of the MS7 deposit (being higher grade and open to depth) a review of the structural interpretation of the deposit has been completed. This was done to better understand the fundamental controls of the deposit's geometry. An improved understanding would enhance the chances of success of any future drill program at MS7 – either drilling to depth or for possible strike extensions. It may also improve the chances of success for discovering similar deposits. The review concluded that it is possible that the prime control on uranium distribution at MS7 may be NW-SE and near vertical pegmatitic leucogranite dykes which is contrary to the prevailing view that uranium is conformable with a major marble contact that is perpendicular to the leucogranite dykes.

This alternate view will be tested with detailed field work in the forthcoming quarter.



TUBAS SAND PROJECT

Offtake Discussions

DYL has engaged with all of the potential off-takers in Namibia for its planned higher grade sand concentrate that could be produced by mining and physical beneficiation of the Tubas Sand deposit. Whilst some interest remains the Company has been unable to secure a definitive agreement and will therefore in future proceed cautiously with further work on the Project. As described last quarter, this work would consist of an infill and extension drilling program as well as further metallurgical characterisation test work which will include mineralogy, solid/liquid separation, rheology and diagnostic leaching to provide sufficient data for design and value optimisation.

This work is valid for either development strategy available to the Project – as a provider of concentrate to a third party or as future supplemental feed to the Omahola Project.

EXPLORATION OVERVIEW

Target Generation – Geological Mapping, Surface Sampling and Ground Geophysical Surveys

In August 2013 Deep Yellow released the results of a prospectivity analysis conducted on its subsidiary Reptile Uranium Namibia’s (RUN) EPLs in the highly prospective Erongo district of Namibia (See Figure 2). The analysis confirmed the prospectivity of the region and defined new exploration targets on a priority basis.

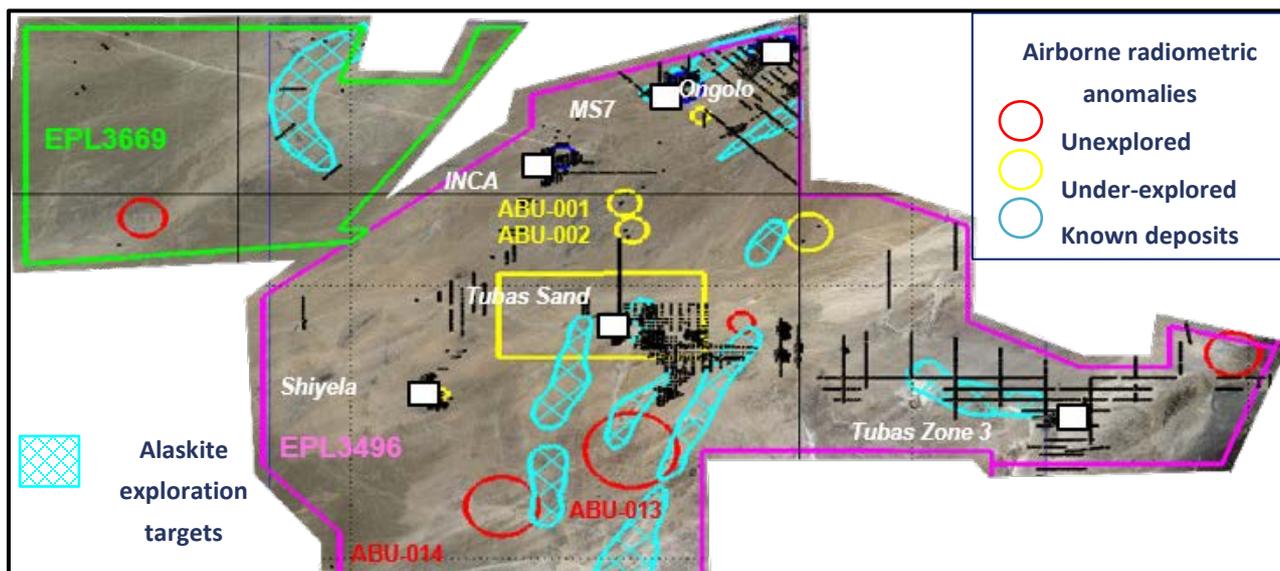


Figure 2: Map showing some of the targets on DYL’s and Nova Energy’s EPLs

Assessment of ABU 001 and ABU 002

As reported in DYL’s previous quarterly it is believed that ABU 002 is the most drillable of all the alaskite regional targets assessed to date. Further analysis in the quarter showed that ABU 001 was similar to ABU 002 and is also a natural fit as it is also close to the adjacent planned Tubas Sand Zone E drill out. Accordingly a detailed mapping exercise will be conducted in the coming months prior to a final decision on a drill program. Figure 3 overleaf shows the location of the airborne anomalism and existing drilling in the sand and the location of two holes in the anomaly. Assuming that the detailed mapping exercise is a success a small RC drill program will be designed to test what is now a significantly enlarged concept.

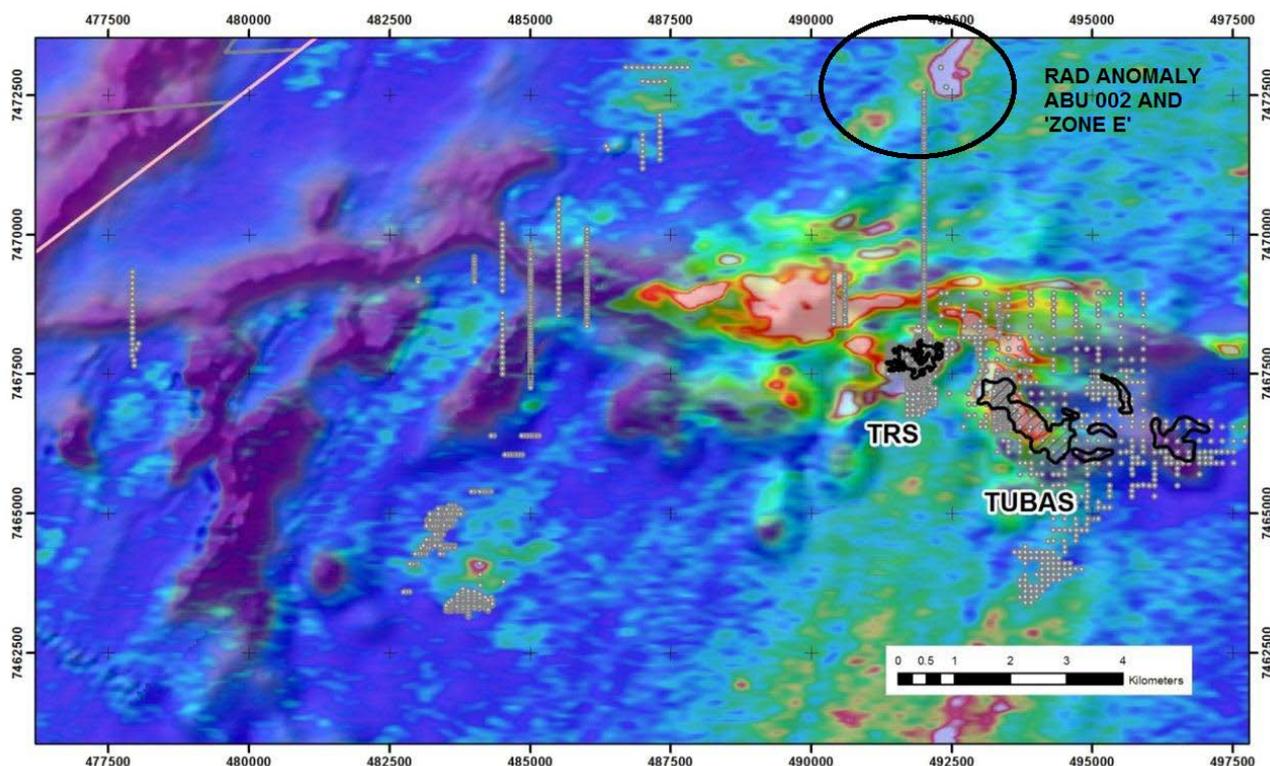


Figure 3. Radiometrics over AEM and existing drilling. Area of interest circled.

CORPORATE

DYL completed the Quarter with cash and liquid assets of \$5.3 million as at 30 September 2014.

During the quarter 2,910,980 performance rights were issued and 2,796,100 shares were issued in relation to vested performance rights.

The Company closed its Non-renounceable Rights Issue on Friday, 18 July 2014 with subscriptions for 89,013,543 ordinary shares at 1.7 cents per share, raising \$1,513,230. An additional \$3,050,382 (before fees) was raised during the quarter partially in satisfaction of the Non-renounceable Rights Issue shortfall and also in a placement made under the Company's 15% placement capacity. The Non-renounceable Rights Issue shortfall was for 113,118,169 shares at 1.7 cents per share for \$1,923,009 and the placement was for 66,316,059 shares also at 1.7 cents per share for \$1,127,373. Both tranches were settled and the resulting shares were issued on 27 August 2014.

For further information regarding this announcement, contact:

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For further information on the Company and its projects - visit the website at www.deepyellow.com.au

About Deep Yellow Limited

Deep Yellow Limited is an ASX-listed, Namibian-focussed advanced stage uranium exploration company. It also has a listing on the Namibian Stock Exchange.

Deep Yellow's operations in Namibia are conducted by its 100% owned subsidiary Reptile Uranium Namibia (Pty) Ltd. Its flagship is the high grade alaskite Omahola Project where further studies are being conducted and the next phase of metallurgical testwork is being planned as inputs into a Pre-Feasibility Study. It is also evaluating fast track development options for its Tubas Sand Project utilising physical beneficiation techniques it successfully tested in 2011.



Competent Person's Statements

The information in this report that relates to Exploration Results is based on and fairly represents information and supporting documentation prepared or reviewed by Mr Geoffrey Gee, a Competent Person who is a Member of the Australasian Institute of Geoscientists. Mr Gee, who is employed as a contract Exploration Geologist with Deep Yellow, 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 Gee consents to the inclusion in the report of the matters based on the information in the form and context in which it appears

Forward-Looking Statements

Certain statements made in this announcement, including, without limitation, those concerning the preliminary economic analysis of the Omahola Project and the techno-economic assessment and risk analysis of the Tubas Sand Project, contain or comprise certain forward-looking statements regarding DYL's exploration operations, economic performance and financial condition. Although DYL believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in metals prices and exchange rates and business and operational risk management. DYL undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.

The Company notes that an inferred resource has a lower level of confidence than an indicated or measured resource. The Company believes that based on the geological nature of its deposit and the work done over several years by its geological team and its Competent Person that there is a high degree of probability that the inferred resources will upgrade to indicated resources with further exploration work.

Annexure 1

Schedule of Mineral Tenure – September 2014

NAMIBIA

Number	Name	Interest	Expiry Date	JV Parties	Approx. Area (km ²)
EPL 3496	Tubas	100%	05.06.2015	-	709
EPL 3497	Tumas	100%	05.06.2015	-	637
EPL 3498	Aussinanis	85%	07.05.2014	5% Epangelo #2 10% Oponona #3	253
EPL 3499	Ripnes	85%	05.06.2015		522
EPL 3668	Gawib West	65%	20.11.2015	25% Nova (Africa) #4 10% Sixzone #5	185
EPL 3669	Tumas North	65%	20.11.2015		163
EPL 3670	Chungochoab	65%	20.11.2015		640
ML 173 #1	Tubas Sand	95%	Application	5% Oponona #3	-
ML 174 #1	Inca	95%	Application		-
ML 176 #1	Shiyela	95%	05.12.2027		-

#1 Located entirely within EPL3496

#2 Epangelo Mining (Pty) Ltd

#3 Oponona Investments (Pty) Ltd

#4 Nova (Africa) (Pty) Ltd

#5 Sixzone Investments (Pty) Ltd

Sub-Total **3,109**

NORTHERN TERRITORY

Number.	Name	Interest	Expiry Date	JV Parties	Approx. Area (km ²)
EL 24246	Napperby	100%	10.10.14	-	477
Sub-Total					477

QUEENSLAND

Number	Name	Interest	Expiry Date	JV Parties	Approx. Area (km ²)
EPM 14281	Yamamilla	100%	06.07.15	SML #1	70
EPM 14916	Ewen	100%	14.04.16	SML #1	115
EPM 15070	Prospector	100%	27.03.16	SML #1	77

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

Sub-Total **262**

DYL Total **3,848**

AGREEMENTS

	Approx. Area (km ²)
ABM Resources NL - Northern Territory (100% uranium rights stay with DYL)	17,094
Sub-Total	17,094
Total Area	20,942