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28 January 2009

QUARTERLY REPORT - FOR THE PERIOD ENDING 31 DECEMBER 2008

HIGHLIGHTS

NAMIBIA

- Drilling at the **Inca** uranium/magnetite hardrock project continues to expand the area of mineralisation returning some exceptionally high-grade intersections including 1.3% U_3O_8 over 2 metre and also some wide moderate-grade intersections such as 516 ppm eU_3O_8 over 34 metre and even wider zones at lower grade such as 312 ppm eU_3O_8 over 172 metre.
- Drilling at the **Oryx** palaeochannel project returned 588 ppm eU_3O_8 over 27 metre from a depth of 2 metre.
- Detailed JORC Code Resource drilling at the **Tubas** red sand project returned 869 ppm eU_3O_8 over 6 metre from a depth of 2 metre.
- Total drilling completed to date in 9,977 holes is 144,592 metre.

AUSTRALIA

The RC drilling programme totalling 81 holes for 6,297 metre completed on the Isa West JV tenements returned a number of significant intersections.

- **Bambino -** 30 m at 410 ppm U_3O_8 from 36 m
- **Thanksgiving -** 42 m at 400 ppm U_3O_8 from 15 m
- **Never Can Tell -** 13 m at 797 ppm U_3O_8 from 17 m
- **Turpentine -** 19 m at 324 ppm U_3O_8 from 15 m
- **Folderol North -** 7 m at 661 ppm U_3O_8 from 12 m
- **Eldorado North -** 20 m at 437 ppm U_3O_8 from 22 m

CORPORATE

- The Company has over $50 million in cash and liquid assets.
- 2009 exploration budget of $12 million approved by the Board.

EXPLORATION - NAMIBIA

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

SUMMARY AND STATISTICS

Drilling and Assaying:

Drilling for the quarter totalled 29,416 metre in 2,183 holes completed on five project areas as listed below.

DRILLING SUMMARY		
Project	**Number of Holes**	**Total Metre Drilled**
RIPNES	222	3,204
AUSSINANIS	736	6,297
INCA	64	7,167
ORYX	167	3,208
TUBAS	772	9,639
TOTAL RC AND AIRCORE	**2,183**	**29,416**

Reconnaissance and JORC Code drilling was completed on all projects or curtailed during December with all 2009 start-up efforts to be directed at evaluation of the **Inca** project.

Table 1: Laboratory Performance Indicators

Job Description	Oct 08	Nov 08	Dec 08	TOTAL
Samples Received	12,893	11,296	5,326	29,515
Samples Crushed	0	0	0	0
Samples Split	1,197	3,251	4,232	8,680
Samples Checked in Pb-Block	12,782	9,987	8,052	30,821
Samples > 10 cps (RadEye)	2,246	2,535	2,698	7,479
Samples Weighed	2,319	2,839	4,108	9,266
Sample duplicates packed & stored	12,782	9,962	8,034	30,778
Samples Milled	2,352	2,320	1,724	6,396
Samples Analysed (Repeats, QC & Daily checks included)	1,634	2,553	1,771	5,958
Sample results reported	1,278	1,955	1,401	4,634

In addition 2,175 Inca samples and 145 Tubas Trench samples were sent to Scientific Services Laboratories for analysis.

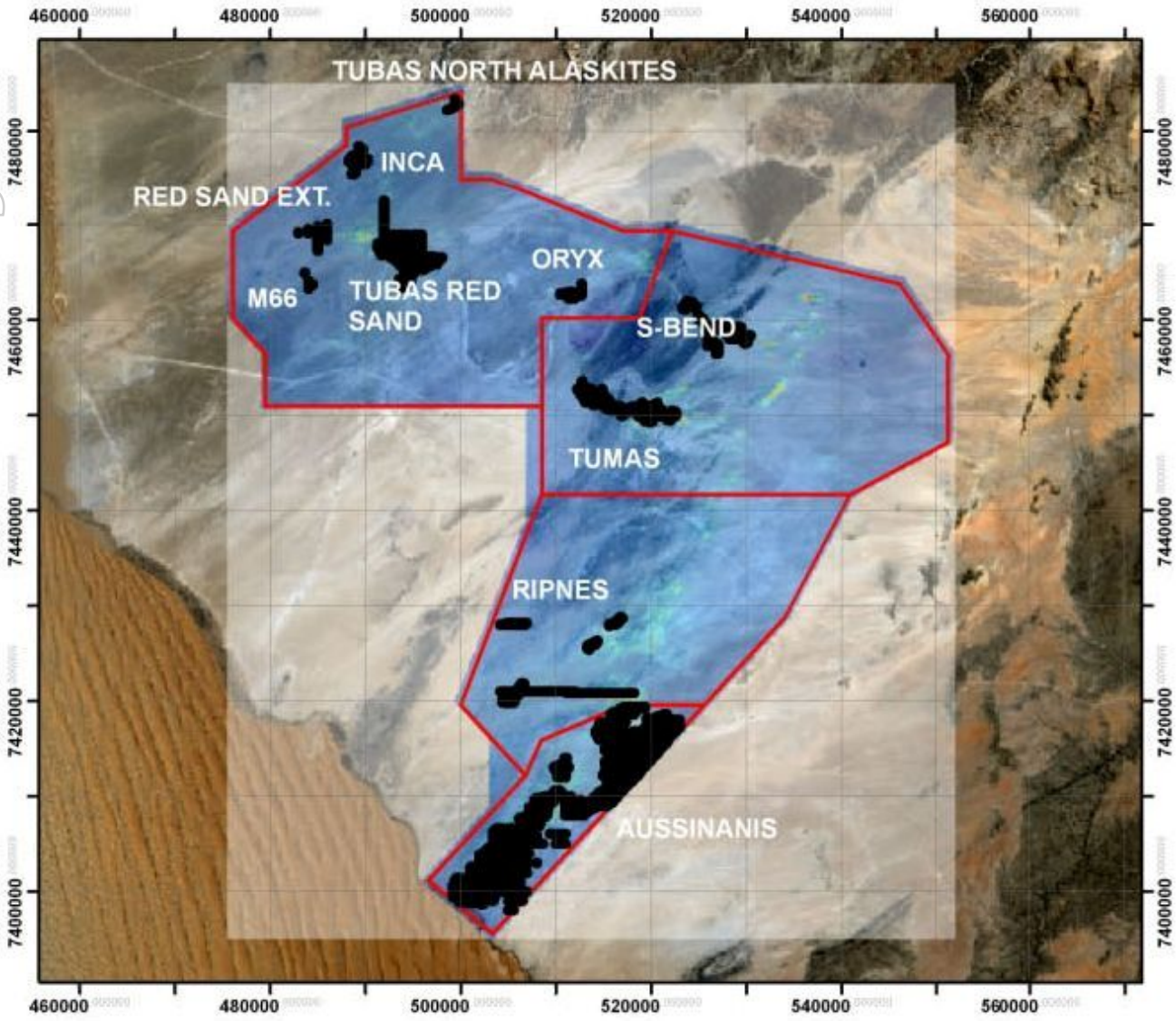

Figure 1: **EPL boundaries and project areas showing distribution and outline of areas drilled by Reptile to date.**

TUMAS

At Tumas a 7,700 metre long (east-west) section of the larger mineralised palaeochannel was selected to be drilled out for the initial JORC Code resource estimation study. The data comprising 2,298 holes for 27,382 metre (see Figure 2) is being processed by Hellman and Schofield in Perth with final numbers due early 2009.

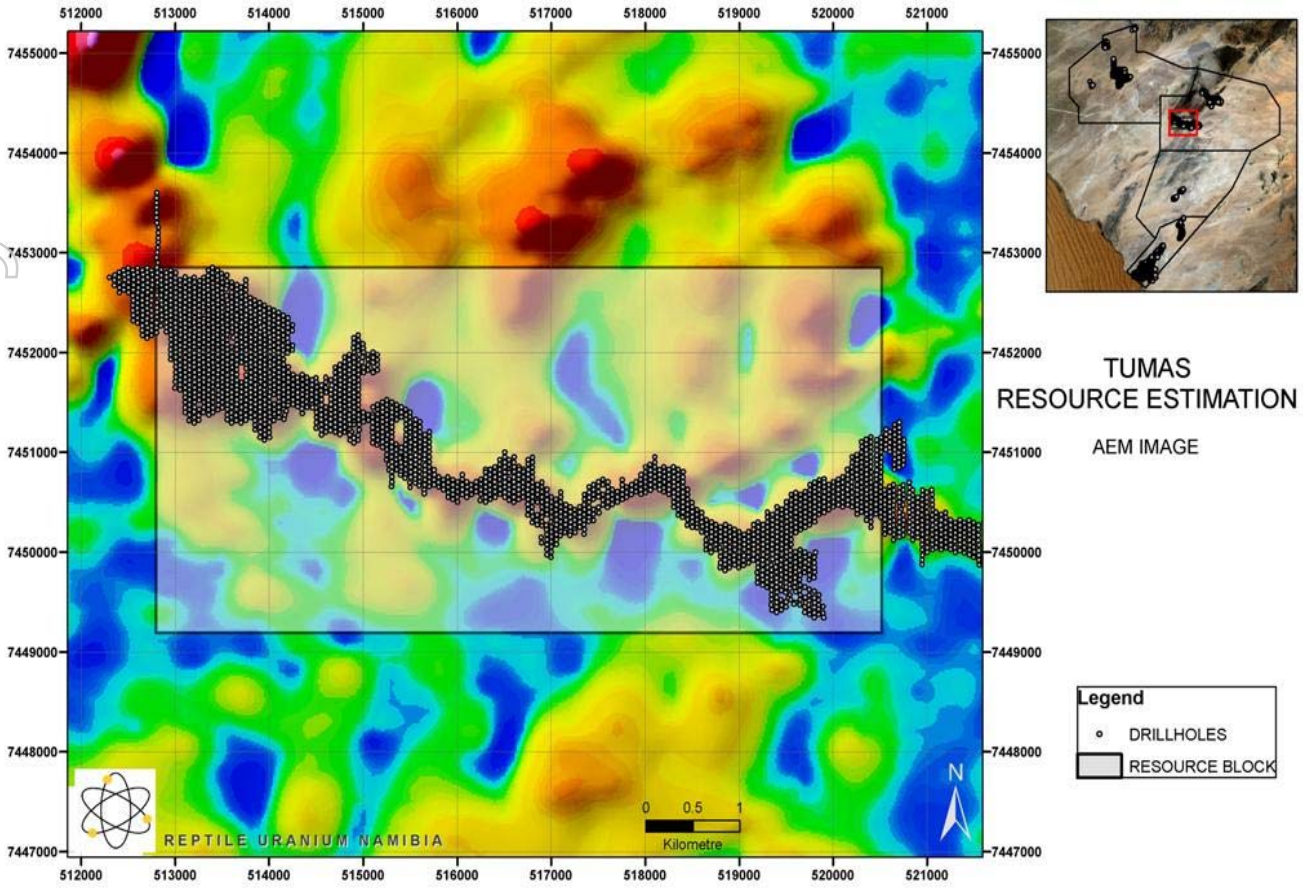

Figure 2: **Tumas project area with holes drilled and JORC Code estimate rectangular study area highlighted**

INCA

Ongoing exploration drilling now totalling 175 holes for 18,433 metre on the nominally 100 x 100 metre grid (a few infill holes have been completed) and hole depth rarely exceeding 100 metre has extended the area of uranium and iron (mostly magnetite) mineralisation to approximately 2,100 by 1,800 metre (Figure 3).

A 500 x 300 metre area will be infilled at a greater drill hole density in 2009 to allow a better understanding of the style and distribution of mineralisation and ultimately a JORC Code resource estimation. This will involve both angle and vertical RC holes and large diameter (HQ) diamond core drilling.

An XRF chemical assay value of 1.29% U_3O_8 over 2 metre at a shallow depth of 47 metre is very encouraging and justifies the Company's decision to initially focus on this project in 2009. Two RC percussion rigs and one diamond rig will undertake the planned infill drilling programme of about 8,000 metre and once completed the rest of the interpreted extent (13 x 2 km) of this metasomatic altered zone of mineralisation will be tested on a regional drill hole spacing with up to 15,000 metre RC drilling budgeted.

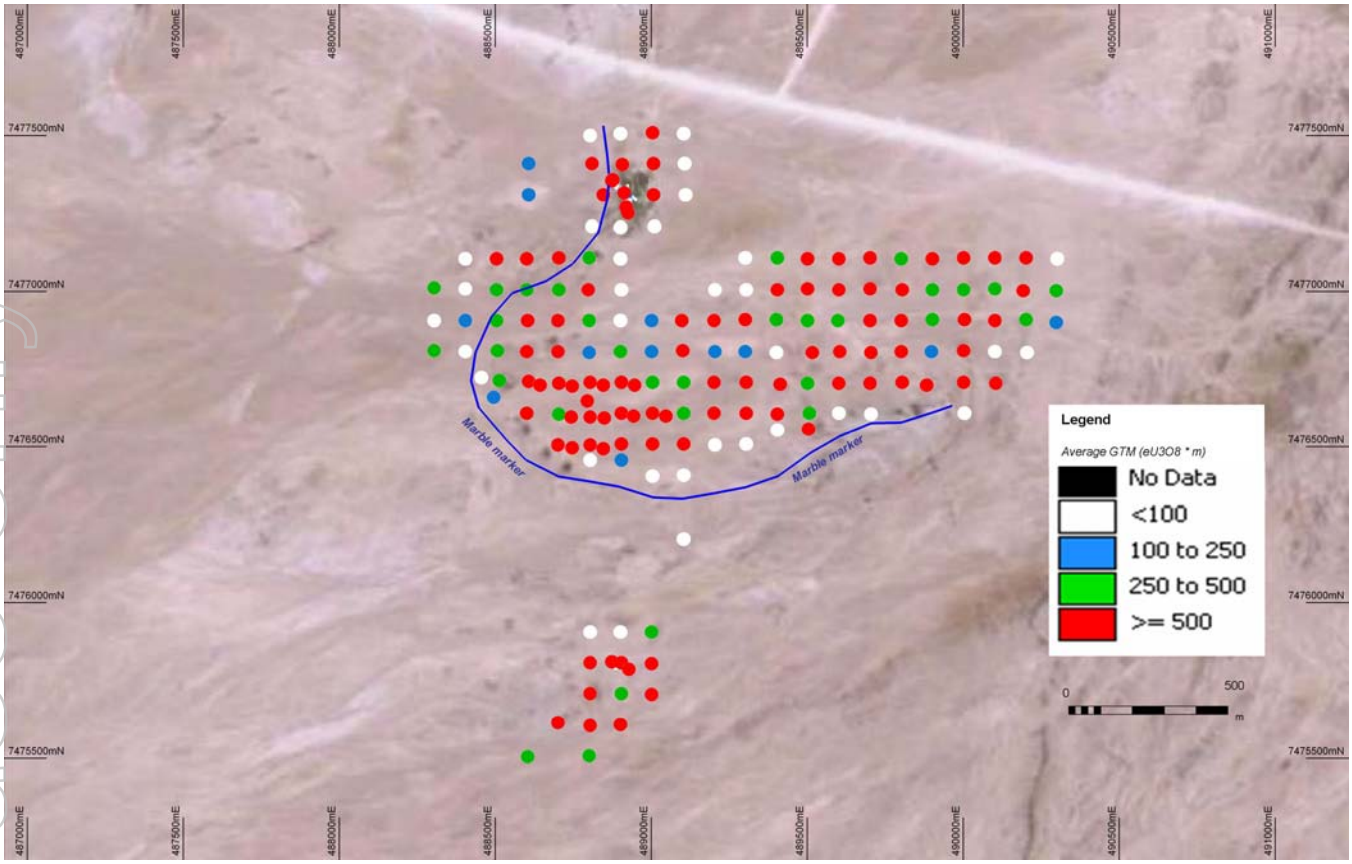

Figure 3: Inca project with GTM values for holes drilled to date

Chemical assay results from vertical RC hole 9.200 11.100 of which the eU_3O_8 (measurements from radiometric logging) values were released to the ASX (29 September 2008) have now been received and compare very favourably with the eU_3O_8 values as indicated in Table 2. This is very encouraging given that in these primary mineralised bodies radiation from thorium can be a significant contributor to total gamma measurements during radiometric logging.

Table 2: Comparison of eU_3O_8 (from downhole gamma logging) versus XRF chemical analyses

From and to depth (in metre)	Width in metre	eU_3O_8 (ppm)	XRF U_3O_8 (ppm)	Variance % *
40 to 94 (complete mineralised section)	54	674	625	Minus 7.27
Including 40 to 57	17	1,956	1,853	Minus 5.27
Including 40 to 50	10	3,238	3,047	Minus 5.90

***** Quoted laboratory analytical error is 5%.

Table 3: Inca – Some Significant Vertical RC Drill Intercepts for the Quarter (not previously released)

Hole	UTM_East	UTM_North	From	To	Interval	eU_3O_8	GTM	TD
AM1_8.300 11.250	488750	7476700	56.5	90.5	34	516	17,544	127
AM1_8.300 11.350	488650	7476700	86.5	100.5	14	516	7,224	113
AM1_8.350 11.200	488800	7476650	17	189	172	312	53,664	199
AM1_8.400 11.150	488850	7476600	89	147	58	344	19,952	192
including			89	99	10	1,496		

ORYX

RC drilling at this prospect area located approximately 8 km north of the Tumas JORC Code rectangle area within the Tumas – Tubas palaeochannel system has returned a wide intersection of well-mineralised calcrete from the reconnaissance drilling namely **588 ppm eU_3O_8 over 27 metre** from a depth of 2 metre. Although prospected by Anglo American it would seem their very widespread and shallow drilling failed to intersect the actual palaeochannel. When Reptile's calcrete drilling activities recommence this area will be prioritised.

Table 4: Five Best Mineralised Sections from Vertical RC Holes at the Oryx Prospect (previously released)

Hole	UTM_East	UTM_North	From	To	Interval	eU_3O_8	GTM	TD
B8.700N 1.325W	511675	7462700	2	29	27	588	15,987	31
B8.750N 1.000W	512003	7462756	7	15	8	462	3,814	29
B8.750N 0.950W	512052	7462756	8	14	5	573	3,035	23
B8.700N 1.425W	511579	7462705	27	33	7	209	1,424	77
B8.750N 2.400W	510603	7462744	10	12	2	461	738	35

AUSSINANIS

4,000 RC holes were drilled for 43,941 metre. The data will now be validated and then submitted to DYL consultants for an initial JORC Code resource estimation

TUBAS TRENCH (Red Sand)

A close spaced aircore drilling programme on commencing on 20 metre spaced N-S lines and 10 metre centres was undertaken with the trench as the centre point. Grid spacing was later increased to 20 by 20 metre and towards the end of the programme to 40 by 40 metre as depicted in Figure 4.

As reported in the September quarterly metallurgical extraction tests are being undertaken on the red sand excavated from the trench and this detail drilling is aimed at JORC Code resource estimation studies.

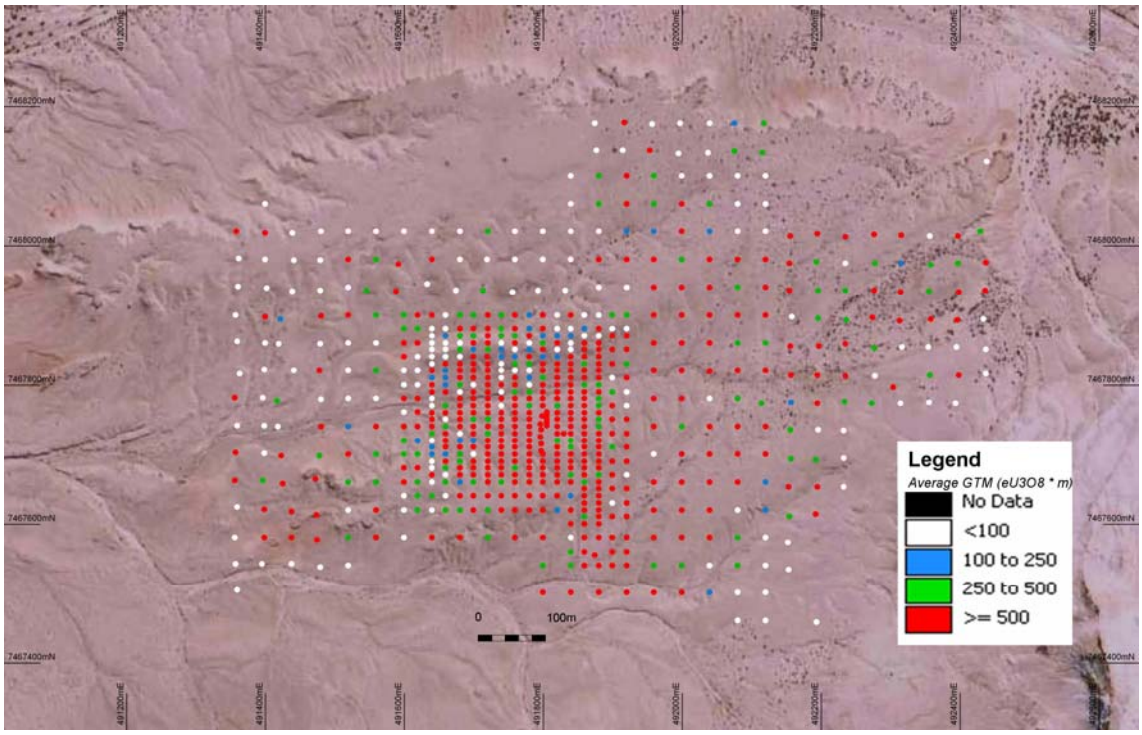

Figure 4: Tubas Trench (Red Sand) project with GTM values for holes drilled to date

EXPLORATION - AUSTRALIA

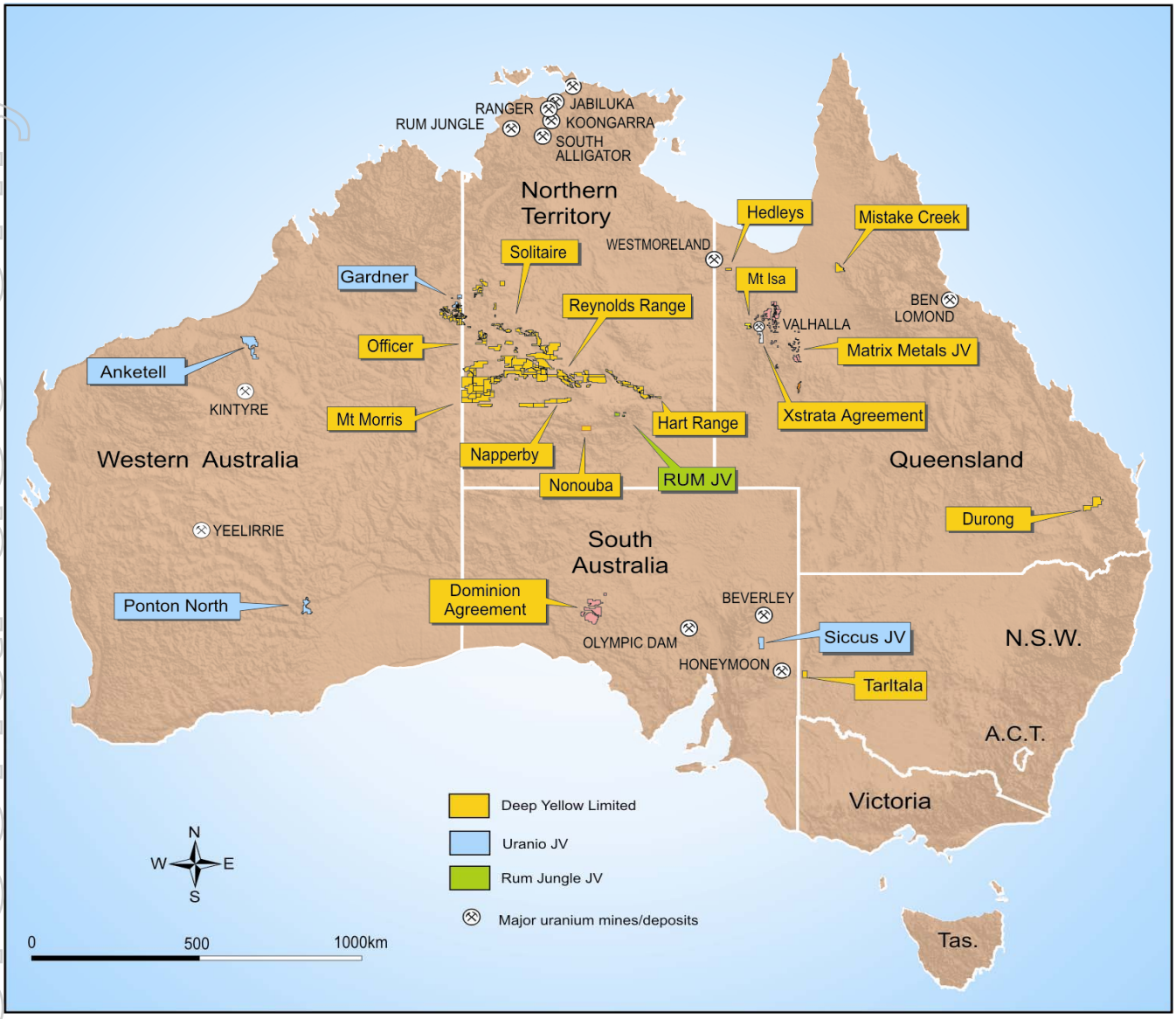

Figure 5: Australian Projects

QUEENSLAND

MT ISA DISTRICT

Exploration programmes in the Mt Isa district during the Quarter focussed on:

- Isa West Project - RC percussion drilling.
- Robur Project - RC percussion drilling.

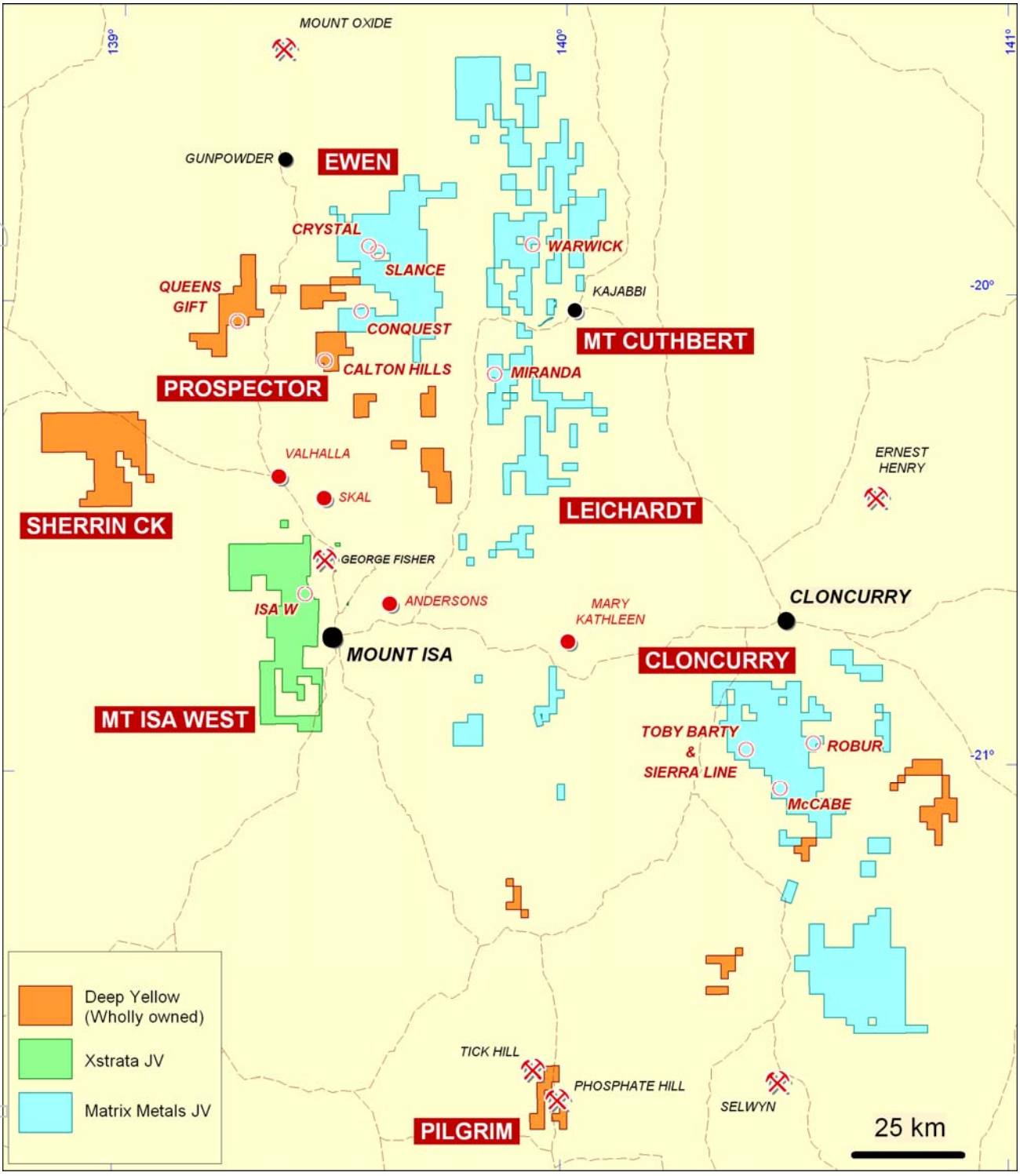

Figure 6: Mt Isa District Tenements

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

The Isa West Project RC drilling programme was completed on 2 November with a total of 81 holes for 6,297 metre being drilled (see Table 5 and Figure 7).

Table 5: Isa West Project - RC Drilling Summary

Prospect	No. of Holes	Metre
Goya	2	180
Bambino	12	1320
Folderol South	6	594
Mothers Day	6	420
Folderol North	4	306
Flat Tyre	4	330
Turpentine	6	456
Citation	3	168
Middle Glare	3	180
Anniversary	2	108
Miami	3	174
Never Can Tell	3	180
Thanksgiving	8	618
Eldorado North	1	60
Emancipation	1	120
Regional Lines	17	1,713
Total	**81**	**6,297**

XRF chemical assays have been received for all 81 holes drilled and significant results were announced to ASX on 23 and 29 October and are listed in Table 6.

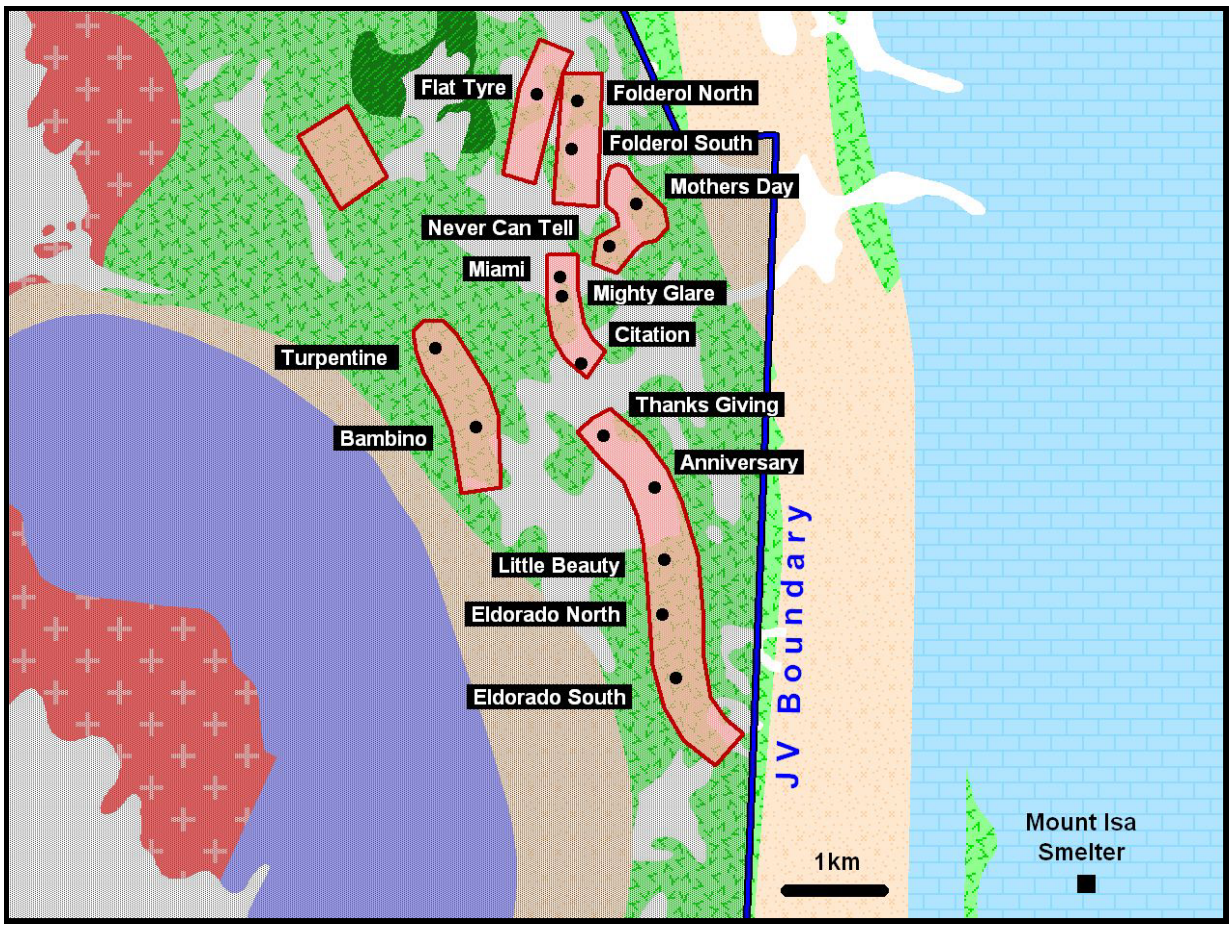

Figure 7: Isa West Northern Prospect Locations

As previously announced to the ASX (29 October 2008) the tenor of the results (see Table 6) from DYL's drill programme through the historic prospects over a 6 m x 3 km indicates an excellent potential to host an economic uranium deposit.

Table 6: Isa West Project – Significant XRF Chemical Assay Results

Drillhole	UTM#		Azi	Dip	TD (m)	Depth (m)		Interval (m)	U_3O_8 (ppm)
	mE	mN				From	To		
Bambino									
BBRC001	335585	7712376	064	-60	96	37	52	15	346
includes						41	47	6	596
						64	66	2	325
BBRC002	335562	7712365	064	-60	138	77	86	9	436
BBRC003	335585	7712376	064	-60	102	27	33	6	261
						44	50	6	324
BBRC004	335552	7712405	064	-60	138	55	61	6	206
						68	76	8	311
BBRC005	335554	7712460	064	-60	96	12	15	3	385
						36	66	30	410
BBRC006	335536	7712447	064	-60	132	52	54	2	464
						65	90	25	409
BBRC009*	335569	7712613	091	-60	108	46	54	8	568
BBRC010*	335540	7712612	091	-60	108	78	88	10	537
Thanksgiving									
TGRC001	336846	7712516	066	-60	114	15	57	42	400
TGRC006	336892	7712419	066	-60	78	38	48	10	402
TGRC007	336841	7712571	066	-60	90	40	49	9	640
						59	72	13	556
TGRC008*	336818	7712619	066	-60	84	51	71	20	435
Folderol North									
FNRC001	336590	7715824	091	-60	90	12	19	7	661
FNRC004	336602	7716034	091	-60	78	44	49	5	810
Never Can Tell									
NCRC002	356935	7714491	090	-60	72	17	30	13	794
NCRC003	336943	7714543	090	-60	54	31	33	2	620
Miami									
MIRC001	336434	7714054	070	-60	60	25	29	4	895
Mighty Glare									
MGRC001	336494	7713570	060	-60	60	16	21	5	681
MGRC003	336476	7713643	060	-60	60	13	18	5	1,606
Citation									
CIRC001	336576	7713321	044	-60	60	25	37	12	325
CIRC002	336609	7713285	044	-60	60	23	32	9	519
CIRC003	336642	7713240	044	-60	48	17	22	5	325
Eldorado North									
ENRC001	337514	7710507	075	-60	60	22	42	20	437
Folderol South									
FSRC002	336532	7715480	092	-60	102	17	22	5	366
FSRC004	336543	7715568	095	-60	114	21	23	2	630
FSRC005	336551	7715619	095	-60	114	22	25	3	373
FSRC006	336570	7715673	094	-60	60	29	31	2	444
Turpentine									
TURC002	335057	7713479	050	-60	108	15	34	19	324
TURC003	335097	7713446	050	-60	90	28	35	7	428
TURC004	335137	7713368	050	-60	78	20	29	9	300
TURC006	335057	7713479	050	-60	60	42	48	6	490
Flat Tyre									
FTRC001	336159	7715998	096	-60	102	16	18	2	670

#UTM Datum: MGA Zone 54 / GDA 94 * Previously unreported mineralised interval

It should be noted that previous exploration at Isa West was mainly focussed on delineating highgrade mineralisation for trucking to the then operating Mary Kathleen Mine. Accordingly the historic data generally only reports narrow highgrade intercepts in both drill core and surface trenching. At Thanksgiving for example the best surface trench assay reported was 3 m at 640 ppm U_3O_8. DYL's undercut hole of the trench returned 42 m at 400 ppm U_3O_8 from 15 m. From an open pit mining perspective DYL's early drill results are very encouraging.

During the wet season the Isa West area will be mapped and ground radiometrically surveyed in detail prior to intensive drilling campaigns in the 2009 field season. The 2008 drill programme targeted a combination of airborne radiometric anomalies and historic workings as depicted in Figure 8. Preliminary images from the ground radiometric survey data indicates the uranium anomalous zones to be more continuous than those shown in the airborne data and in addition has also identified new targets for drilling.

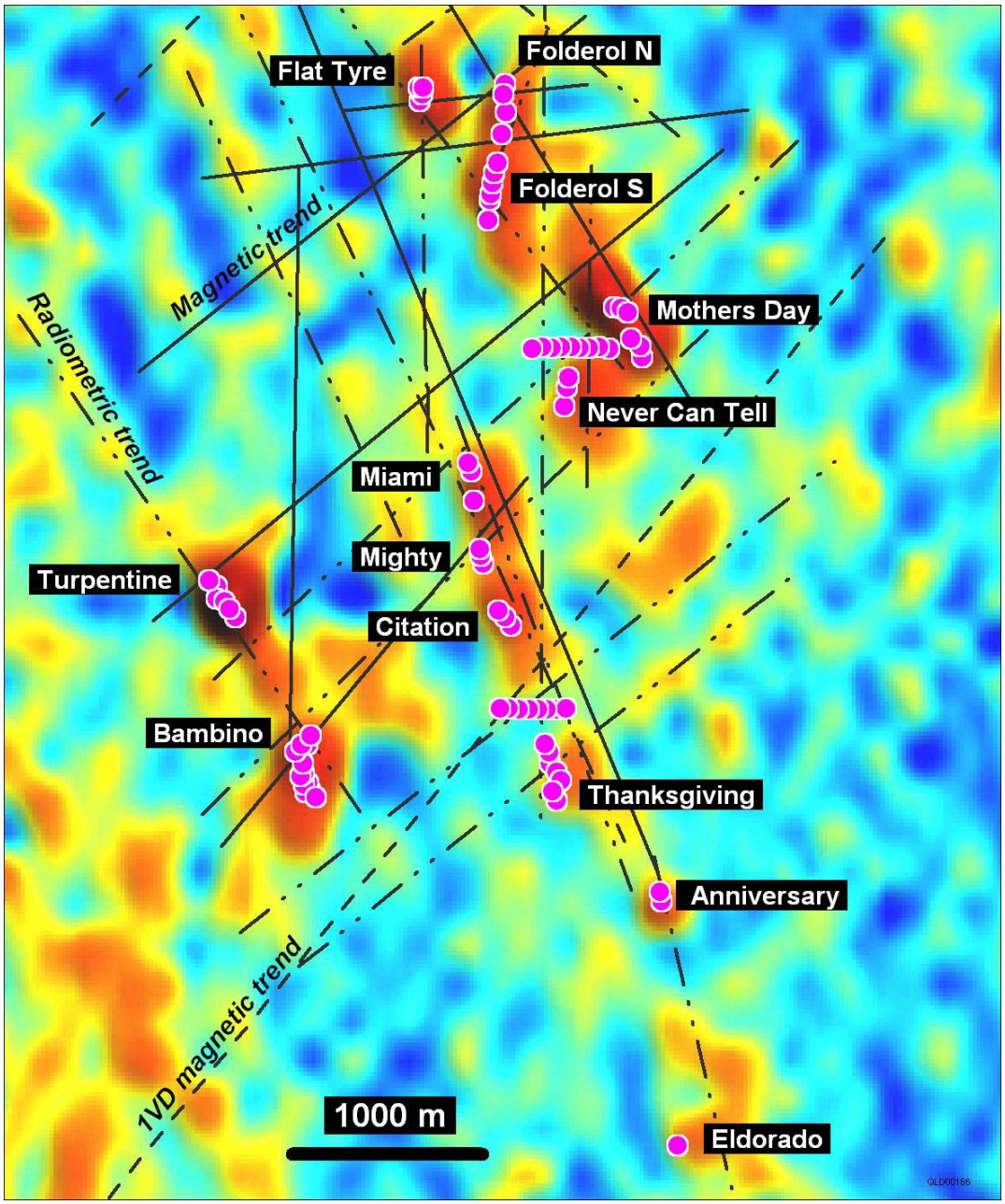

Figure 8: Isa West Airborne Radiometric Anomalies – RC Drill Hole Locations

Expenditure on the Isa West Project exceeded $1 million in November 2008 as undertaken so crystallising the next major earn-in phase of the JV (a further $9 million over three years to February 2012) to earn 100% of the uranium rights to the Project tenements provided a mining lease for uranium can be granted within an additional 5 year period and subject to a royalty of 1.5% of net profits from uranium production to Xstrata (ASX 21 January 2008).

NW QUEENSLAND JV (acquiring 100% of uranium rights from Matrix)

EPM 14772 - White Range # 5

Robur Prospect: An RC drill rig was mobilised to the Robur Prospect located 35 km south of Cloncurry with a total of 5 RC drill holes for 594 metre being drilled.

The drill holes intersected intensely oxidised, interbedded shales, clays and thin beds of sandstone. Background uranium levels only were returned from downhole gamma logging of the holes.

The drilling programme was curtailed owing to joint venture partners Matrix Metals Ltd announcing that they had gone into voluntary administration.

QUEENSLAND REGIONAL PROGRAMME

Following the withdrawal of Dragon Energy from a proposed joint venture over five (5) project areas DYL has re-assessed and relinquished the Hedleys, Lorrett Downs and Mistake Creek projects (EPM's 11249, 15194 and 16008).

As announced to the ASX on 3 December 2008 the Pilgrim Project EPM 150072 was joint ventured to Krucible Metals Ltd (KRB). KRB considers the Pilgrim EPM to be of important strategic value as it abuts their D10 Phosphate Prospect within the Corella Bore EPM. This Prospect has phosphate enriched zones at the surface assaying up to 35% P_2O_5 that are located close to an existing railway line and infrastructure.

KRB intends to carry out RC percussion drilling on D10 as well as on the adjacent Pilgrim EPM 15072 in 2009 to investigate the sub-surface phosphate grades and the potential for a rock phosphate mining operation.

DYL is seeking a JV partner for the Durong Project tenements in SE Queensland (see Figure 5).

NORTHERN TERRITORY

NAPPERBY PROJECT (DYL 100% - Toro Energy Limited Option to Purchase)

Toro Energy has an Option Agreement with DYL over the Napperby Uranium Project which allows for 100% purchase of the project at a capped price per resource pound (lb) basis at any stage, over a three year period.

2008 Drilling Programme

The 2008 Napperby resource definition drilling finished at the end of August with 333 sonic drill holes totalling 3,200 metre and 725 aircore holes totalling 9,400 metre. The sonic drill holes provide core samples for which all assays have now been completed and all holes were gamma logged to determine eU_3O_8.

The Napperby Uranium Project is presently an Inferred Resource of 4.6 million tonnes @ 305 parts per million (ppm) (0.031%) U_3O_8 for 1,420 tonnes (3.13 million pounds) of contained uranium oxide (using a 200 ppm U_3O_8 cut off based on 2006 and 2007 drill programmes: refer to ASX release 25 July 2008).

Quality assurance and quality control checks have been completed for the 2008 assay results which have been added to the project data base. The data base is currently with SRK Consulting who are completing a revised mineral resource estimate with the new data.

The gamma data from all holes is currently being processed and compared to assay data from the sonic drill holes as a means of determining disequilibrium variability across the deposit.

Approximately 50% of the mineralisation previously identified by Uranez now been redrilled. Assayed grade x thickness from the 2006, 2007 and 2008 drilling campaigns is shown in Figure 10.

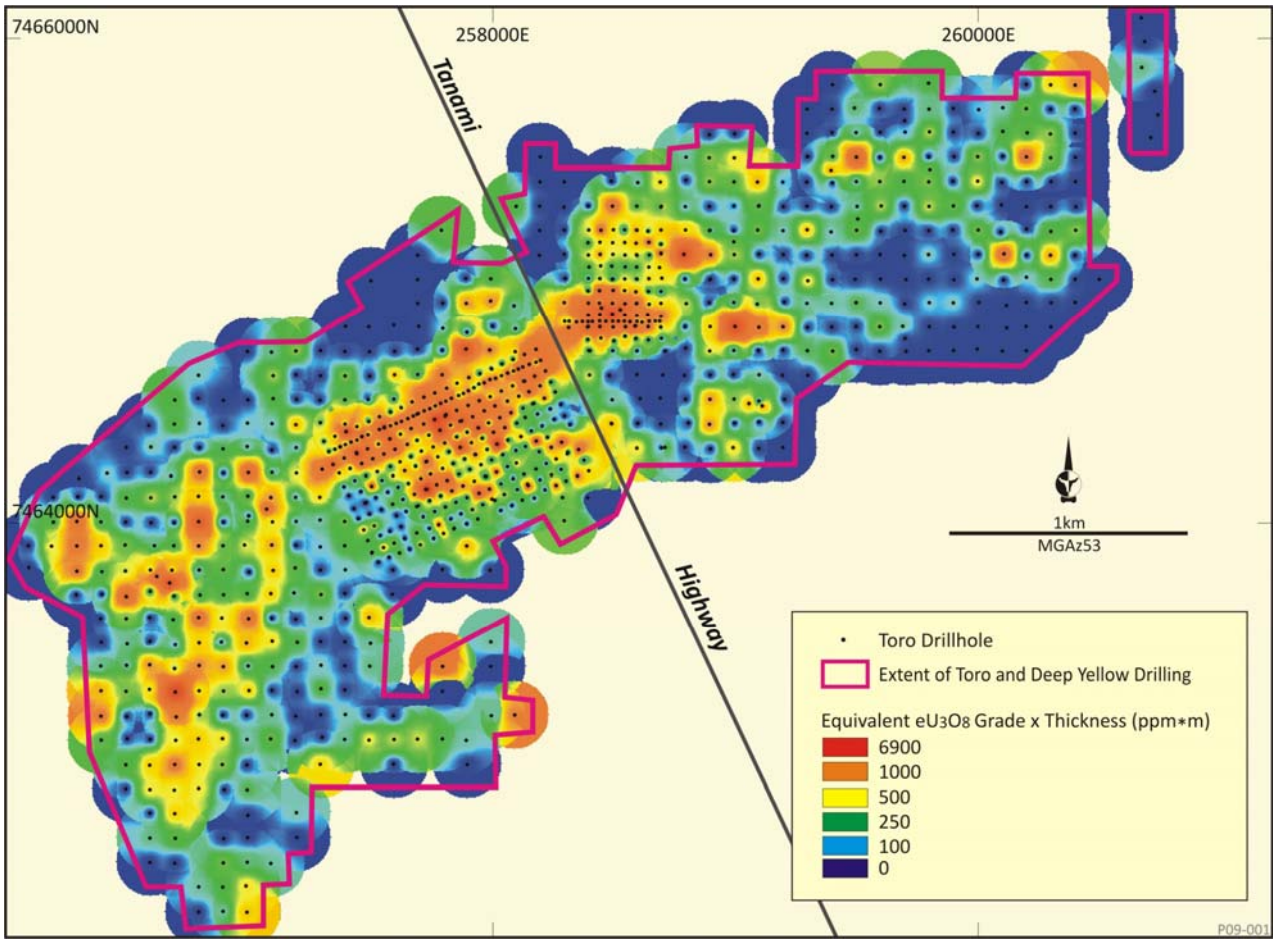

Figure 10: Completed 2008 drilling grade x thickness (GT) grid using assay grades

Notes on this analysis:

1) *Grade x thickness (GT) – the product of grade (U_3O_8ppm) and ore thickness (metres) is used as an indicator of potential mineability.*
2) *Gamma eU_3O_8 grades are currently not used by Toro for resource calculation purposes, but future use will depend if ongoing disequilibrium work provides the basis for increased confidence in grade estimation from gamma data.*
3) *Data were generated by applying a cut-off of 130 ppm eU_3O_8 to the gamma derived grades. GTs were then calculated and a grid applied. The lowermost GT increment in this figure for example, 100ppm.m, translates to a thickness of 0.75 m at 130 ppm.*

Scoping Study

URS Australia has been commissioned by Toro to undertake a scoping study to determine viable development options for the Napperby Uranium Project in the Northern Territory.

The scoping study is expected to be completed during the first quarter of 2009. Toro will use the outcome of the scoping study to determine the Company's development strategy for Napperby.

As part of its study charter, URS will consider:

- mine development options;
- preferred processing routes;
- infrastructure requirements;
- environmental management; and
- likely capital and operating costs.

It will draw on new metallurgical test results that are currently being finalised by Amdel Ltd, and the new resource estimation upgrade for Napperby including the 2008 drilling results.

Prior to commissioning the scoping study, Toro had collected preliminary baseline environmental data and completed a preliminary social impact study. No unmanageable environmental or social impacts were identified.

The project is accessible by 175 km of sealed road from Alice Springs and is only 15 km from the Palm Valley to Darwin gas pipeline.

Metallurgical Testing

The second round of metallurgical testing is in progress at an independent testing facility, Amdel Ltd, to build on the first set of results to determine:

- how suitable the mineralisation is to beneficiation;
- the optimum conditions for alkaline leaching; and
- the applicability of heap leaching by completing column testing.

Scrubbing and leaching test work has been completed with column tests still continuing.

Community Consultation

Consultation continued with traditional owner groups and the Northern Territory Government as to how a project may be developed and the required approvals pathway.

NT REGIONAL PROGRAMMES (DYL 100%)

Aircore Drilling: An Aircore drilling comprising 476 holes for 12,981 metre spread across the Reynolds Range and Mt Doreen Project Areas was completed during the Quarter. Uranium targets sought included surficial calcrete-carnotite mineralisation and deeper, palaeochannel/palaeobasin hosted redox traps comprising rollfront or tabular sheet geometries. Indications of calcrete style mineralisation were present from historic drilling on Reynolds Range; whereas Mt Doreen presented as an entirely greenfields play. The results of an airborne EM survey were available as guides to drainage geometry for Mt Doreen and the western part of Reynolds Range.

Each metre of drilling was inspected with hand-held RS-125 or 230 spectrometers. Only low magnitude anomalism, to a maximum of 2 x background was detected; although visible carnotite was present in the highest radiometric reading. All holes were sampled for assay by taking two 5 m composite samples of the top 10 m.

The targets in the Mt Doreen Area comprised the Yaloogarrie Creek surface drainage and the sandplain covered paleodrainages/palaeobasins on the Mt Singleton and Mt Hardy tenements. Several paleodrainages were intersected, as was a probable Tertiary-age basinal area, highlighted from the AEM survey. The channels and basin were dominated by low energy clayey sediments and almost completely oxidised to basement. Some partly reduced clays were present at the basal levels of the Tertiary(?) basin feature. No significant intercepts were returned from the drill programme. Report preparation is in progress with an assessment to be made with respect to follow-up of low-level (anomalous) uranium values.

MT LIEBIG PROJECT (DYL 100%)

The Mt Liebig Project located 250 km WNW of Alice Springs comprises two exploration licences contiguous to the SW of the Napperby tenements (see Figure 11). The target is shallow calcrete hosted uranium mineralisation as per Napperby and/or Tertiary sandstone hosted roll front uranium mineralisation at depth.

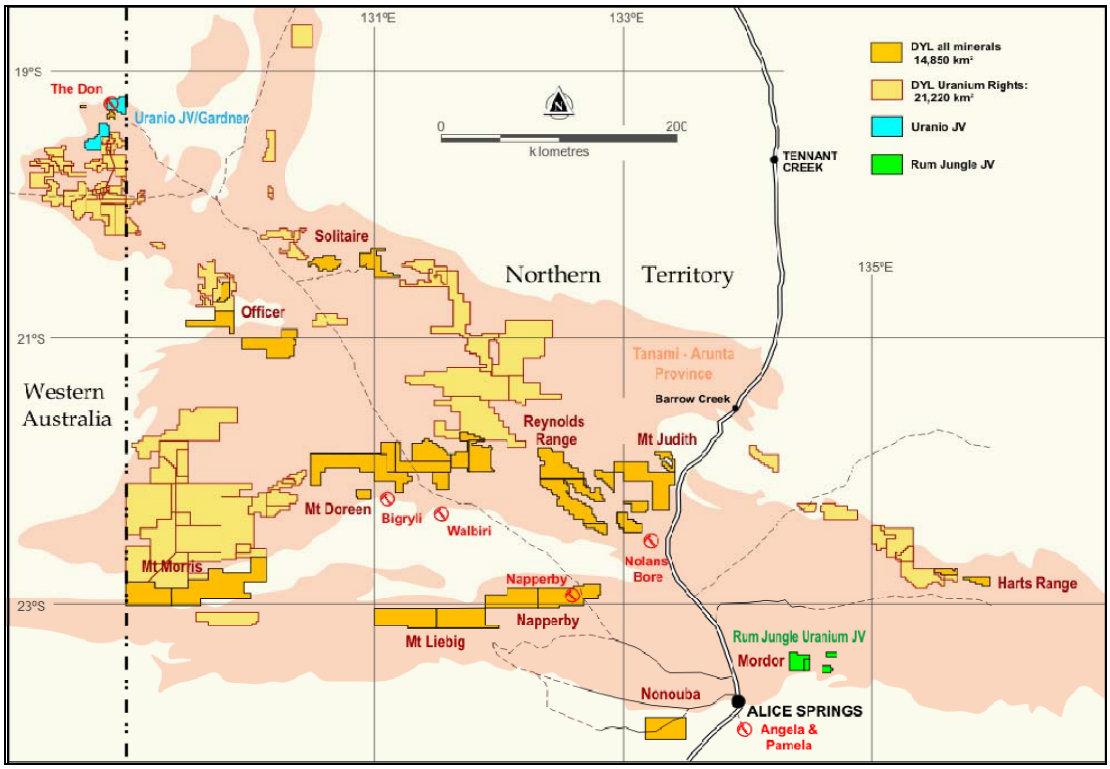

Figure 11: NT Tenement Localities

A meeting with Traditional Aboriginal Owners to negotiate access for uranium exploration took place on the 21 November 2007. The Company has recently been informed that its proposal to explore for uranium and possible future mining has been accepted by the Traditional Aboriginal Owners. A draft agreement will be forwarded to DYL shortly. Permission was received to fly an AEM survey over the tenements in August 2008 and DYL field crew has completed a reconnaissance visit to check access for the proposed 2009 drill programme.

NONOUBA PROJECT (DYL 100%)

The Nonouba tenement EL 24547 covering 605 km^2 is located 70 km SW of Alice Springs. The tenement lies 60 km west along strike from the Angela - Pamela uranium prospect (see Figure 11).

The Nonouba ground was previously explored for uranium by Uranerz from 1972-1983. Uranerz identified two prospects, 'Daria' and 'Nonouba, and returned assays up to 1,900 ppm U_3O_8 over 0.5 m, hosted by carbonaceous - pyritic Undandita Sandstone. The target is roll front uranium mineralisation as delineated at the Angela-Pamela project of Paladin/Cameco.

An RC drill programme totalling 10 holes for 1,148 metre was completed in early December with 3 holes returning anomalous values (Table 7 and Figure 12).

Table 7: Nonouba Drill Holes 2008

Hole ID	Total Depth (m)	From (m)	To (m)	Interval (m)	eU_3O_8 (ppm)
NNRC004	107	68	71	3	420
and		75	76	1	175
NNRC007	101	92	93	1	160
NNRC010	83	40	43	3	200
and		60	61	1	120

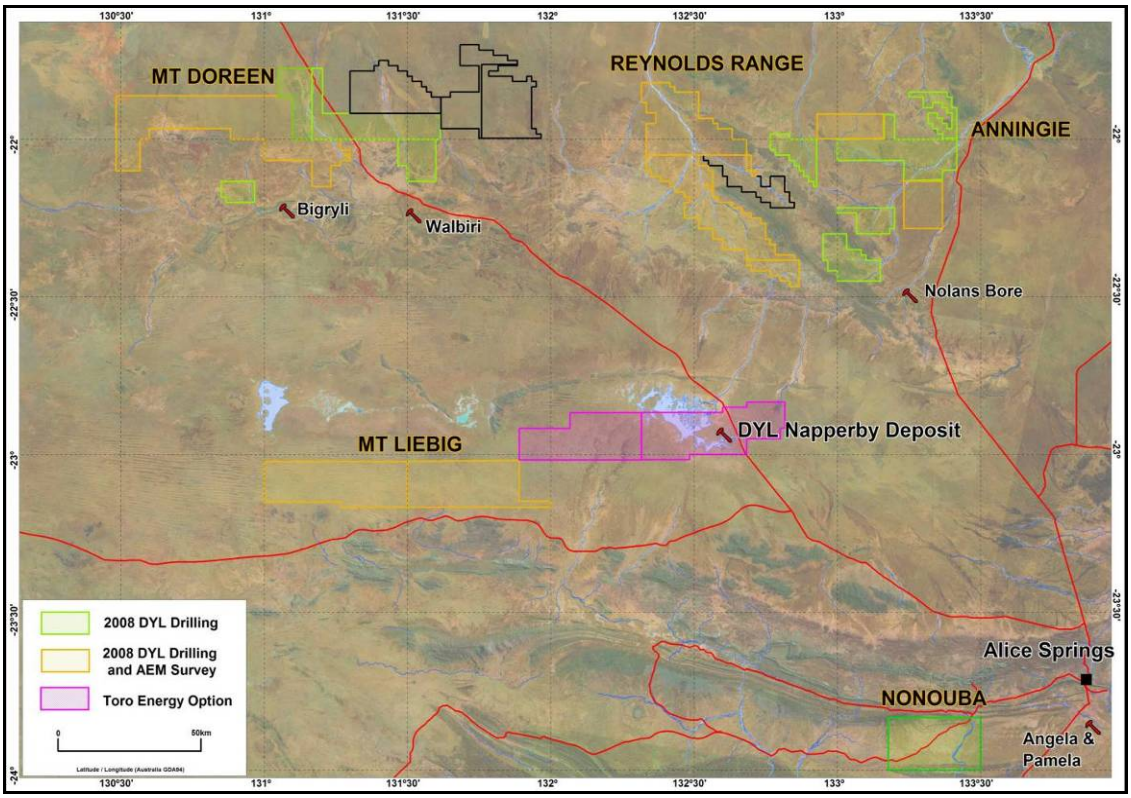

Figure 12: 2008 AEM Surveys / Aircore Drilling Areas

SOUTH AUSTRALIA

GAWLER JV (DYL 50%)

A review of the drill results together with results from competitor activity in the district led to a downgrading of the potential of the undrilled portions of the palaeochannels and accordingly of the potential of the project area.

The Gawler JV with Dominion Gold Operations Pty Ltd was terminated in December. The only outstanding task is to ensure that the rehabilitation of the 2007 drill sites on EL 3044 is completed and associated reports lodged.

NEW SOUTH WALES

TARLTALA PROJECT – EL 6573

The Tarltala Project is located 80 km northwest of Broken Hill on the New South Wales/South Australian border. The tenement totalling 360 km^2 covers the contact zone between Curnamona Craton and the Willyama Province (Broken Hill).

DYL is targeting Iron Oxide Copper Gold (IOCG) mineralisation in basement terrain beneath 150-250 metre of Tertiary and Cretaceous sediment cover of the Frome Basin. DYL has flown an Airborne Electromagnetic (AEM) survey over the tenement and completed a ground gravity survey using 1 km by 1 km reading spacing in October 2008 by Haines Survey to identify gravity targets considered prospective for IOCG targets. The survey data were processed and reviewed for IOCG target potential by Southern Geoscience Consultants.

The results of the survey indicated that the gravity highs outlined in Figure 13 occur on the flanks of a broad magnetic highs. A broad, NW-trending belt of high gravity high occurs across the southern tenement area. Discontinuities along this belt indicate several NNE- to NE-trending structures. These gravity highs and structural features are interpreted as basement features which are lying under ~150-250 metre of Arrowie Basin sediments. The dimensions of the Tarltala targets range from ~0.75 x 3 km to ~3 x 4 km which are in the order of the gravity footprints documented at other IOCG deposits.

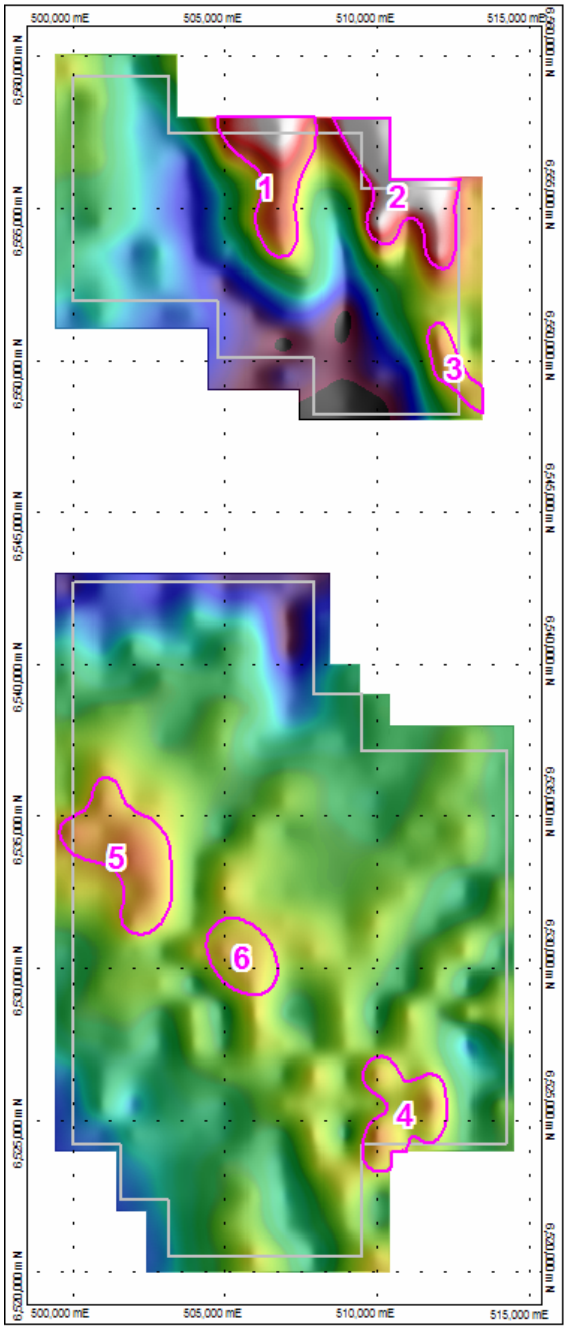

Figure 13: Residual Gravity Image Illustrating Identified Gravity Highs

DYL is seeking a joint venture partner to fund ongoing exploration on the project.

JOINT VENTURES

URANIO LIMITED (DYL 30%)

Ponton North: Information on this project can be obtained from Uranio's Website www.uranio.com.au.

Gardner Range: Information on this project can be obtained from Uranio's Website www.uranio.com.au.

CORPORATE

OPTIONS

NEW ISSUES

Following shareholder approval received at the Company's Annual General Meeting held on 19 November 2008, the Company issued a total of 6,100,000 unlisted options to the Executive Directors of the Company. The options are unlisted and are exercisable on or before 30 June 2011 at an exercise price of 27.5 cents. The options terms allow 50% to vest on the date of issue and the balance on 1 July 2010.

OPTIONS LAPSED

During the quarter 5,000,000 unlisted options previously issued to Directors lapsed in accordance with their terms.

KRUCIBLE METALS AGREEMENT

Deep Yellow Ltd (DYL) and Krucible Metals Ltd (KRB) announced that a Heads of Agreement (HOA) has been signed on the Pilgrim Joint Venture with DYL (ASX 3 December 2008) comprising Exploration Permit for Minerals EPM 15072. This EPM is located about 10 km north of the Phosphate Hill Mine, (operated by Incitec Pivot Ltd) and is adjacent to the Krucible 100% owned Corella Bore EPM 15572 located about 130 km SSE of Mount Isa in NW Queensland. EPM 15072 is held in the name of Superior Uranium Pty Ltd which is a 100% owned subsidiary of DYL.

The terms of the Pilgrim Joint Venture (PJV) are as follows;

- KRB has the right to earn 80% equity in the PJV by expenditure of $400,000 on exploration and/or development over a four year period (the "earning period").
- During the first two years of the earning period KRB has the right to acquire the property 100% by the issue of one (1) million fully paid KRB shares to DYL.
- After the earning period, KRB has the right to acquire the property 100% by the issue of 1.2 million fully paid KRB shares to DYL.
- If KRB does not elect to acquire the property 100% then DYL will be free carried to a decision to mine.

Dr Leon Pretorius
Managing Director

Further Information:

Mr 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.

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 DECEMBER 2008**

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (6 months) $A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration and evaluation	(4,850)	(9,897)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(439)	(1,057)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	1,081	2,190
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other income	15	249
	Net Operating Cash Flows	(4,193)	(8,515)
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a) tenements	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(117)	(551)
	(d) environmental and other bonds	(6)	(78)
1.9	Proceeds from sale of:		
	(a) tenements	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	1
	(d) environmental and other bonds	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid from other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	(123)	(628)
1.13	Total operating and investing cash flows (carried forward)	(4,316)	(9,143)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(4,316)	(9,143)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	1,013
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Share issue costs	-	-
	Net financing cash flows	-	1,013
	Net increase (decrease) in cash held	(4,316)	(8,130)
1.20	Cash at beginning of quarter/year to date	53,544	57,062
1.21	Exchange rate adjustments to item 1.20	102	398
1.22	**Cash at end of quarter**	**49,330**	**49,330**

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	265
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Executive and non-executive director's 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

No transactions took place

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	2,250
4.2	Development	-
	Total	**2,250**

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	4,330	3,544
5.2	Deposits at call	45,000	50,000
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	**49,330**	**53,544**

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	EL25101 EPM(A)17716 EPM15194 EPM15249	Partial relinquishment Reduced Outright relinquishment Outright relinquishment	59 blocks 9 blocks 100% 100%	30 blocks 4 blocks 0% 0%
6.2	Interests in mining tenements acquired or increased	EPM17860 EPM17923 EPM17952 EPM17967	Application Application Application Application	0% 0% 0% 0%	100% 100% 100% 100%

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**	1,121,226,958	1,121,226,958	-	-
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	NIL 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* 16,000,000 2,912,500 2,812,500 787,500 787,500 12,500,000 5,005,000 5,005,000 3,820,000 3,820,000 1,375,000 3,675,000 6,100,000	 - - - - - - - - - - - - -	*Exercise Price* 55.1 cents 44.6 cents 59.6 cents 64.6 cents 74.6 cents 59.5 cents 27.5 cents 40.0 cents 45.0 cents 60.0 cents 27.5 cents 27.5 cents 27.5 cents	*Expiry Date* 30/11/2009 31/12/2009 31/12/2010 30/06/2010 30/06/2011 30/11/2010 30/06/2011 30/06/2011 30/06/2011 30/06/2011 30/06/2011 31/12/2011 30/06/2011
7.8	Issued during quarter	6,100,000	-	27.5 cents	30/06/2011
7.9	Exercised during quarter				
7.10	Lapsed during quarter	3,000,000 2,000,000	 -	21.1 cents 31.1 cents	31/12/2008 31/12/2008
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: 28 January 2009
(Company Secretary)

MARK PITTS
Print name: …….....

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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