



29 October 2015

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 30 SEPTEMBER 2015

HIGHLIGHTS

Corporate: Director Reduction, Board Fees and Other Cost Saving Measures

- DYL is pleased to report a cash and liquid assets balance of \$3.4 million at the end of the quarter, although the Company continues to preserve cash with various additional initiatives.
- With the impending departure of the current chairman Mr Tim Netscher, the board has resolved to not hire a replacement director to fill the vacancy unless circumstances change materially.
- In addition to previously announced reductions in director's fees, fees for non-executive directors will be reduced by a further 10%.
- It is also proposed to continue the practice of all directors taking a portion of their fees in shares to preserve cash – resolutions to this effect will be voted on at the forthcoming annual general meeting at which shareholders are urged to vote in favour of these measures.
- Furthermore, the Company's Namibian Country Manager, Mr Peter Christians, has resigned and will not be replaced in the interim. DYL's Managing Director and CEO will assume the responsibilities of the Country Manager, in addition to his existing duties until circumstances change.

Palaeochannel Exploration Program

- During the quarter, plans were developed for further exploration and metallurgical testwork on the palaeochannels as a result of the improved understanding and higher level of confidence on the potential of these extensive channels.
- The Company also commenced an analysis of the short to medium term market for supplying an intermediate product from the palaeochannels to one (or more) of what will soon be three operating uranium mines in the region.
- Given DYL's recent experience of trying to secure offtake for its Tubas Sand Project, it was concluded that the palaeochannels' expected larger size and higher grades, together with the use of improved physical beneficiation techniques, could allow the potential fast track development of a relatively low capex and technically low risk project.

Omahola Project

- The internal review conducted on capital and operating cost estimates and pit optimisation studies, incorporating plant location modelling was completed during the quarter.
 - Further opportunities for cost improvements were identified in a workshop held recently in Swakopmund, however these have not been included as yet but will rather be incorporated into a later value engineering exercise.
 - A detailed release is under preparation which will present the results of this important analysis.
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BUSINESS REVIEW

PALAEOCHANNEL PROJECT

Tumas-Tubas Palaeochannel Exploration

The databases from the historical drilling conducted on the palaeochannels are in the process of being reassessed. Specifically, those lines of drilling that exceeded 50m in depth are being reviewed (See Figure 1). The deepest hole was less than 100m, and yet the recently completed geophysical interpretation suggests the potential for significantly greater depths with the possibility of higher grades due to the more confined nature of deeper channels (as experienced at the Langer Heinrich Uranium Mine). (Please refer to DYL ASX Announcement dated 16 July 2015 for more information.)

Market Analysis

Previously, whilst advancing the Tubas Sand Project, DYL engaged with the two existing Namibian uranium mines seeking an offtake partner. In addition, the third aspiring producer was also contacted. At the time, none of these parties were willing, for their own various reasons, to commit to offtake. However DYL concluded from its recent (and ongoing) market analysis that this picture is changing.

Firstly, the extent and higher anticipated grades of the palaeochannels give them a distant advantage over the Sand. Secondly, recently improved physical beneficiation techniques offer the potential to produce a purer, higher grade product which would significantly increase grade and therefore reduce unit transport costs. High unit transport costs were a material negative factor when offtakers previously considered satellite supply from the Sand. Finally, despite the extent of the palaeochannels they are well served by access roads, as can be seen in Figure 2 over the page.

For example, Figure 3 (overleaf) shows the location of the Tumas JORC resources of Zones 1 and 2 as well as the exploration target area of Zone 3. When comparing Figure 2 with 3 it is evident that all these areas are relatively easily accessible.

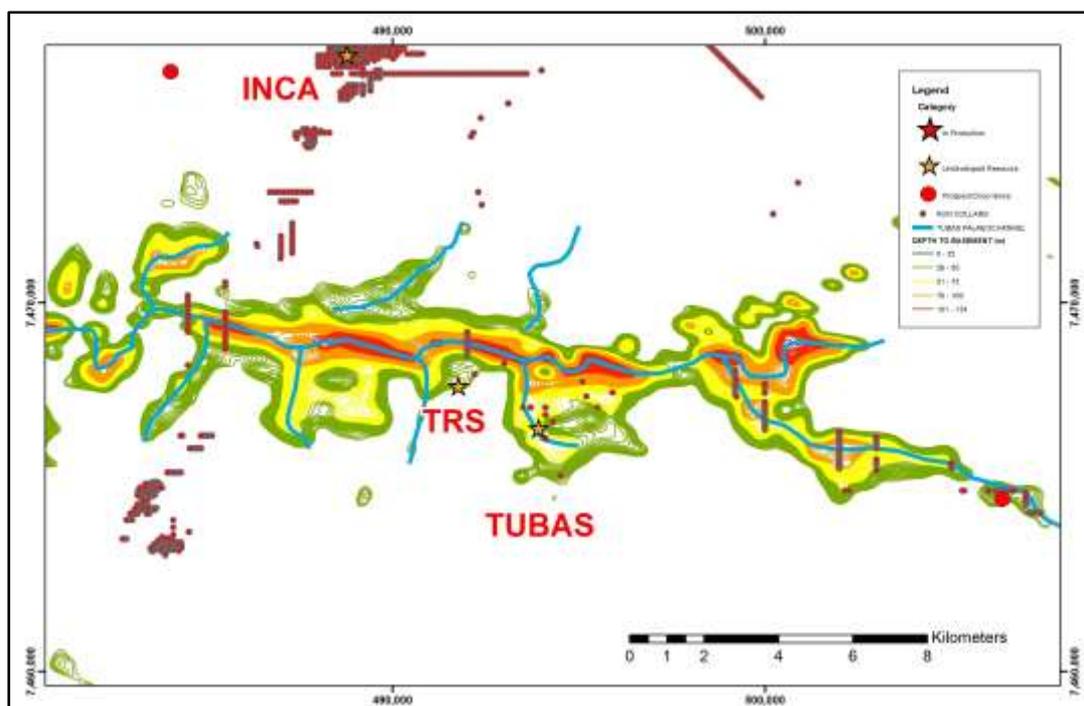


Figure 1: Map showing interpretation of depth to basement of the palaeochannel system across EPL 3496.

Note: The red dots show historical holes drilled deeper than 50m.



Figure 2: Map showing RUN EPLs, existing & planned MLAs and existing road access

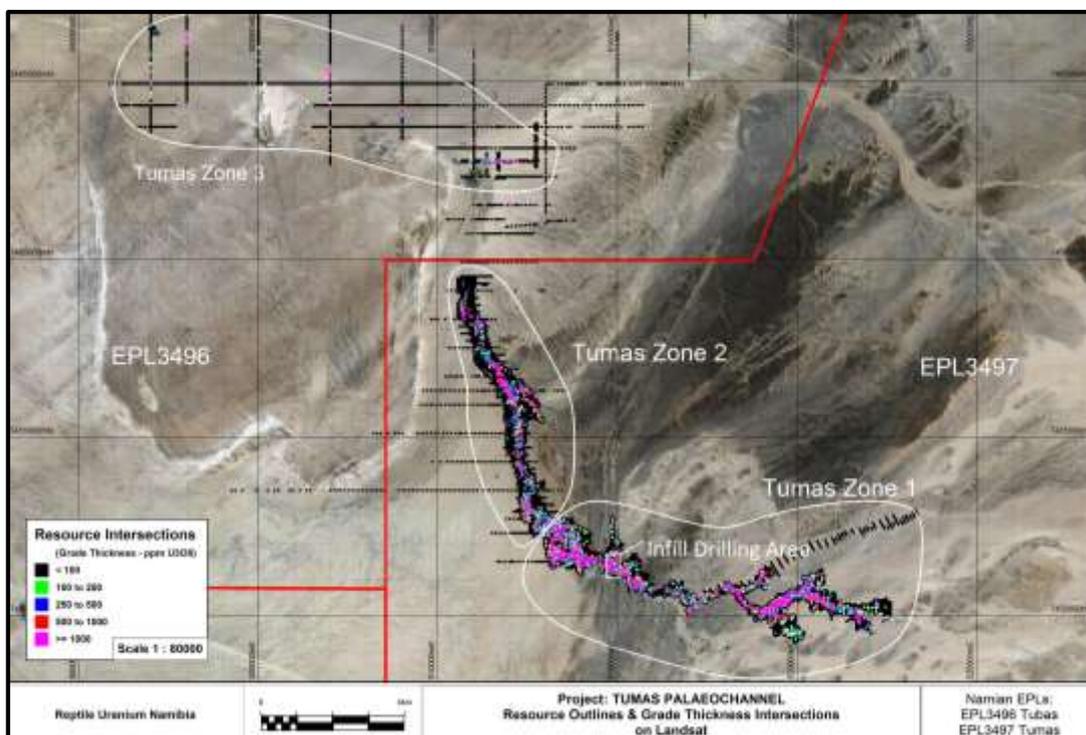


Figure 3: The Tumas Palaeochannel on EPLs 3497 and 3496 showing location of Tumas Zones 1 and 2

OMAHOLA PROJECT

Study Progress – Omahola Process Plant Location

In addition to reducing the capital cost estimate by assuming and modelling the use of a Grasshopper ore stacking arrangement (as explained in DYL’s previous quarterly) more time was invested on optimising the envisaged location of the process plant. This is important in the modelling of operating costs and also informs the Health, Safety, Environment and Community Assessment that must still be completed.

Three possible geographical locations were considered for the process plant’s location which are shown in Figure 4 overleaf and are as follows:

- Option 1: Close to the INCA deposit, just north of the C28 road.
- Option 2: In between the Ongolo & MS7 deposits.
- Option 3: Approximately halfway between the INCA deposit and the Ongolo/MS7 area.

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Based on previous estimates from other projects completed by DYL's consultants Orelogy, a transport rate \$0.09/t/km was applied to the haulage distances for each option and added to the processing costs. The results indicate that the optimum plant location is Option 2, close to the Ongolo and MS7 deposits. This location also has another benefit in that it may allow other satellite deposits in the region to be processed by this plant, such as Garnet Valley.

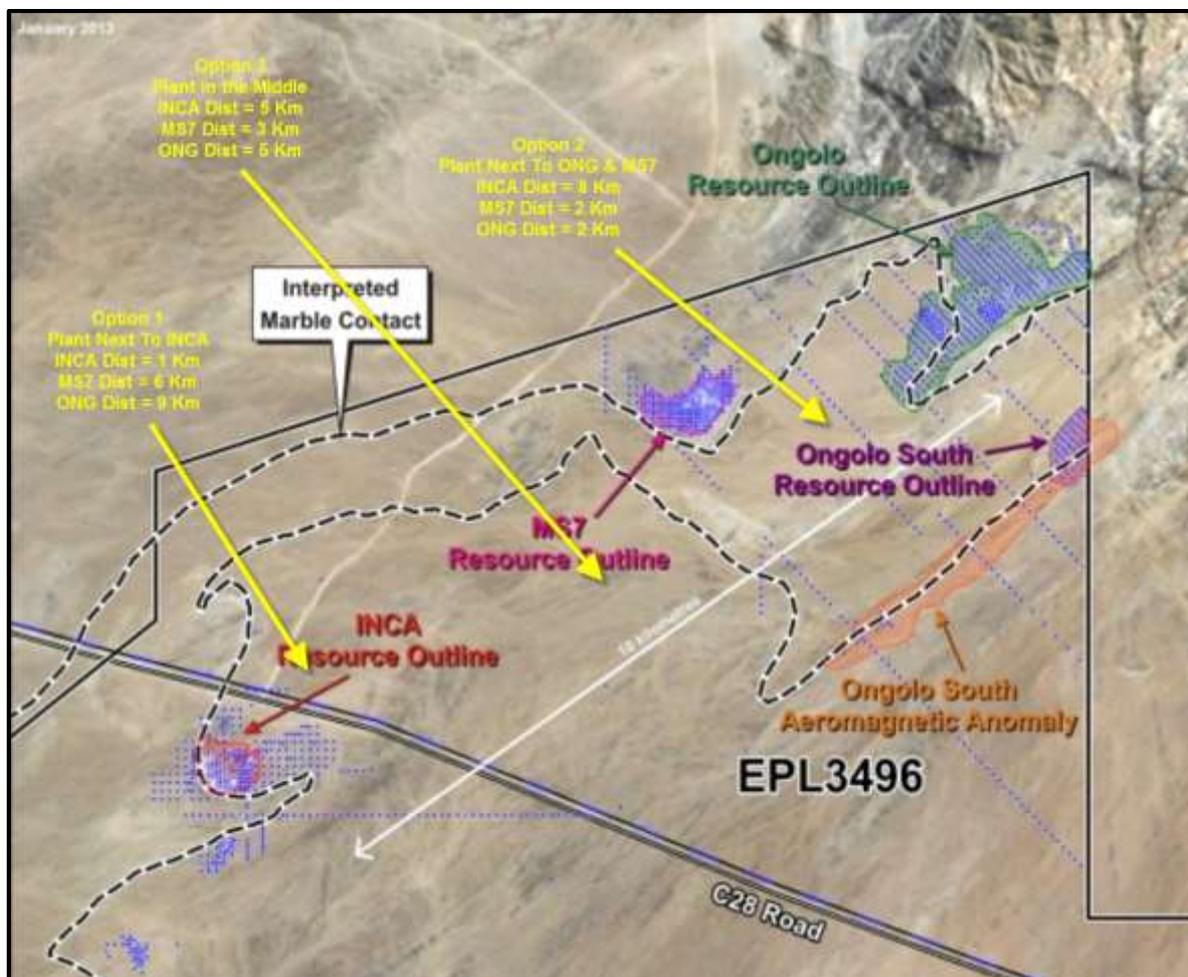


Figure 4: Omahola Project Modelled Process Plant Locations

CORPORATE

Director Reduction, Board Fees and Other Cost Saving Measures

DYL is pleased to report a balance of \$3.4 million of cash and liquid assets as at 30 September 2015. Notwithstanding this, in the light of current market circumstances and the need to further preserve cash for more productive initiatives, the board has resolved as follows:

- As previously announced, the current chairman of the board, Mr Tim Netscher, has indicated that he wishes to stand down as soon as he has effected an orderly transition to a replacement chairman;
- The board has resolved to not hire a replacement director to fill the vacancy created by Mr Netscher's departure unless the circumstances of the Company change materially;
- In addition to the previously announced reductions in director's fees which have occurred over the past few years, non-executive directors' fees will be reduced by a further 10%;
- Furthermore, shareholders will be aware that for the past approximately 18 months directors have been taking a portion of their fees in shares to preserve cash. It is proposed to continue this practice in the current financial year and resolutions to this effect will be voted on at the forthcoming annual general meeting. Shareholders are urged to vote in favour of these resolutions in the interests of preserving the company's cash;

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- The Company's Namibian Country Manager, Mr Peter Christians has resigned from the Company and will depart at the end of November 2015. DYL does not intend to appoint a replacement in the interim and the board has resolved that the Managing Director and CEO, Mr Greg Cochran will assume the Country Manager's responsibilities, in addition to continuing in his role of Managing Director and CEO;
- The situation in Namibia will be monitored closely and will be reviewed from time to time and a new Country Manager will only be appointed when circumstances change.

During the quarter 2,389,785 shares were issued in relation to shareholder approved payments in lieu of salaries and director fees and 4,901,110 shares were issued in relation to the vesting of employee performance share rights.

For further information regarding this announcement, contact:

Greg Cochran
Managing Director

Phone: +61 8 9286 6999
Email: info@deepyellow.com.au

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 higher grade alaskite Omahola Project on which studies are being conducted to supplement the recently completed preliminary economic analysis and the scoping phase of metallurgical testwork is being planned.

The Company is also evaluating fast track development options for its surficial calcrete deposits which are amenable to various physical beneficiation upgrading techniques that have been successfully tested over the last four years.

Competent Person's Statements

In this report where the Company refers to the results of the Tumas Zone 1 Infill Drilling Exploration Program and the Geophysical Interpretation by consultants Resource Potentials (referencing the release made to the ASX on 16 July 2015), DYL confirms that it is not aware of any new information or data that materially affects the information disclosed in that release and the form and context of the announcement has not materially changed.

Forward-Looking Statements

Certain statements made in this announcement, including, without limitation, those concerning the preliminary economic analysis of the Omahola Project and the resource potential of the Company's Palaeochannel system located in Namibia, 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 2015

NAMIBIA

Number	Name	Interest	Expiry Date	JV Parties	Approx. Area (km ²)
EPL 3496	Tubas	100%	05.06.2015 ^{#1}	-	709
EPL 3497	Tumas	100%	05.06.2015 ^{#1}	-	637
EPL 3498	Aussinanis	85%	07.05.2016	5% Epangelo ^{#3}	253
EPL 3499	Ripnes	85%	05.06.2015 ^{#7}		10% Oponona ^{#4}
EPL 3668	Gawib West	65%	20.11.2015 ^{#8}	25% Nova (Energy) ^{#5}	185
EPL 3669	Tumas North	65%	20.11.2015 ^{#1}		163
EPL 3670	Chungochoab	65%	20.11.2015 ^{#1}	10% Sixzone ^{#6}	640
ML 173 ^{#2}	Tubas Sand	95%	Application	5% Oponona ^{#4}	-
ML 174 ^{#2}	Inca	95%	Application		-
ML 176 ^{#2}	Shiyela	95%	05.12.2027		-

^{#1} Renewal documentation has been submitted and the Company awaits the administrative process to be finalised

^{#2} Located entirely within EPL3496

^{#3} Epangelo Mining (Pty) Ltd

^{#4} Oponona Investments (Pty) Ltd

^{#5} Nova Energy (Namibia) (Pty) Ltd

^{#6} Sixzone Investments (Pty) Ltd

^{#7} EPL3499 has been relinquished – confirmation is pending from the authorities

^{#8} EPL3668 has been transferred to JV partner Sixzone – confirmation is pending from the authorities

Sub-Total 3,109

NORTHERN TERRITORY

Number.	Name	Interest	Expiry Date	JV Parties	Approx. Area (km ²)
EL 24246	Napperby	100%	10.10.16	-	471
Sub-Total					471

QUEENSLAND

Number	Name	Interest	Expiry Date	JV Parties	Approx. Area (km ²)
EPM 14281 ^{#1}	Yamamilla	100%	06.07.20		64
EPM 14916 ^{#2}	Ewen	100%	14.04.16		58
EPM 15070 ^{#2}	Prospector	100%	27.03.16		77

^{#1} Syndicated Metals Ltd ("SML") is the beneficial owner of this EPM after the dissolution of the Mt Isa Other Minerals JV. Official approval of the transfer of ownership from DYL to SML is pending, as is the renewal

^{#2} The rights to all minerals on these two EPM's now reside with DYL after the dissolution of the Mt Isa Other Minerals JV

Sub-Total 199

DYL Total 3,779

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

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Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

DEEP YELLOW LIMITED

ABN

97 006 391 948

Quarter ended ("current quarter")

30 SEP 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(314)	(314)
(b) development	-	-
(c) production	-	-
(d) administration	(325)	(325)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	25	25
1.5 Interest and other costs of finance paid	-	-
1.6 Tax refund *	50	50
1.7 Other	1	1
Net Operating Cash Flows	(563)	(563)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(3)	(3)
(d) environmental and other bonds	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
(d) environmental and other bonds	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(3)	(3)
1.13 Total operating and investing cash flows (carried forward)	(566)	(566)

* Research and Development grant received

+ See chapter 19 for defined terms.

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Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(566)	(566)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (Capital Raising Costs)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(566)	(566)
1.20	Cash at beginning of quarter/year to date	3,927	3,927
1.21	Exchange rate adjustments to item 1.20	74	74
1.22	Cash at end of quarter	3,435	3,435

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	180
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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

NIL

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	-	-
3.2	Credit standby arrangements	-	-

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Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	300
4.2 Development	-
4.3 Production	-
4.4 Administration	250
Total	550

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	1,935	1,427
5.2 Deposits at call	1,500	2,500
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	3,435	3,927

Changes in interests in mining tenements – Refer to Annexure 1 of the Quarterly Activity Report for a list of all 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	EPM14281	Partial relinquishment	22 blocks	20 blocks
6.2 Interests in mining tenements acquired or increased	-	-	-	-

+ See chapter 19 for defined terms.

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Appendix 5B
Mining exploration entity quarterly report

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 <i>(description)</i>	-	-	-	-
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3	+Ordinary securities	1,917,603,615	1,917,603,615	-	-
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	7,280,895	7,280,895	*	*
7.5	+Convertible debt securities <i>(description)</i>	-	-	-	-
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7	Options <i>(description and conversion factor)</i>	<i>Unlisted options</i>		<i>Exercise Price</i>	<i>Expiry Date</i>
		-	-	-	-
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
		-	-	-	-
		-	-	-	-
7.11	Cancelled during quarter	-	-	-	-

*Shares issued in lieu of director fees and in relation to vested performance rights.

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Appendix 5B
Mining exploration entity quarterly report

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.12 Performance Rights	<i>Unlisted rights</i>			<i>Vesting dates</i>
	5,250,000	-	-	01/12/2015
	1,500,000	-	-	01/02/2016
	8,470,500	-	-	01/07/2016
	3,000,000	-	-	01/12/2016
	11,362,500	-	-	01/07/2017
7.13	Granted during quarter	--	-	-
		-	-	-
		-	-	-
7.14	Vested during quarter	4,891,110	-	24/07/2015
7.15	Lapsed during quarter	1,700,110		24/07/2015
7.16	Cancelled during quarter	451,800	-	24/07/2015
7.17	Debentures <i>(totals only)</i>	-	-	
7.18	Unsecured notes <i>(totals only)</i>	-	-	

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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:
(Director/Company secretary)

Date: 29 October 2015

Print name: Mark Pitts

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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