



30 April 2014

## QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 31 MARCH 2014

### HIGHLIGHTS

#### Corporate

- DYL ended the quarter with cash resources of approximately \$2.0 million.
- Executive and management salary reductions remain in force and a percentage of director fees continue to be deferred with shares proposed to be issued in lieu (subject to shareholder approval) in order to protect the company's cash resources.

#### Tubas Sand Project Resource Upgrade

- CSA Global provided the company with a new JORC 2012 compliant Mineral Resource Estimate for the Project.
- The Mineral Resource Estimate is 34 Mt at 170 ppm U<sub>3</sub>O<sub>8</sub> for 12.7 Mlbs U<sub>3</sub>O<sub>8</sub> (Indicated and Inferred) at a 100 ppm cut-off, compared to the previous (Inferred) Mineral Resource Estimate of 87 Mt at 148 ppm U<sub>3</sub>O<sub>8</sub> for 28.4 lbs U<sub>3</sub>O<sub>8</sub> at a 70 ppm cut-off.
- Areas have already been identified for infill and expansion drilling and a decision to proceed is dependent on capital availability.

#### Tubas Sand Project Processing Study

- The independent trade-off study to assess the various process options available for the development of the Project is nearing completion and results will be announced shortly.

#### Omahola Project

- Pit optimisation exercises on all three deposits that comprise the Project were being finalised at the end of the quarter.
- It is now likely that the Project will proceed as a heap leach rather than a tank leach operation which will require a review and update of the Project's current Mineral Resource Estimate.
- This will allow the Project's Mineral Resource Estimate to be brought up to JORC 2012 standard.

#### Target Generation – Follow-up work

- Reconnaissance work continued on the alaskite-type targets identified in the Prospectivity Analysis that was completed in 2013.

#### Marenica Energy Limited *U-PGRADE*<sup>TM</sup> Testwork

- Samples were provided to Marenica Energy Limited ('Marenica') from the Tubas Sand deposit in Namibia for ore characterisation to test amenability to the Marenica *U-pgrade*<sup>TM</sup> process.
- Results are expected before the end of the next quarter.

#### Shiyela Iron Project

- Discussions with the preferred bidder on the divestment of the Project have continued during the quarter. However the preferred bidder has requested a delay enabling it to address commercial issues unrelated to the Shiyela transaction.
- Despite this delay the Company remains optimistic that the transaction would ultimately conclude favourably.



**BUSINESS REVIEW**

**TUBAS SAND PROJECT RESOURCE UPGRADE**

CSA Global provided the company with a new JORC 2012 compliant Mineral Resource Estimate (MRE) for the Project. The MRE is 34 Mt at 170 ppm U<sub>3</sub>O<sub>8</sub> for 12.7 Mlbs U<sub>3</sub>O<sub>8</sub> (Indicated and Inferred) at a 100 ppm cut-off, with 32% of the contained metal in the Indicated category and the remainder being Inferred (see Table 1). (Refer ASX Announcement 24 March 2014) This is compared to the previous (Inferred) Mineral Resource Estimate of 87 Mt at 148 ppm U<sub>3</sub>O<sub>8</sub> for 28.4 Mlbs U<sub>3</sub>O<sub>8</sub> at a 70 ppm cut-off.

The new MRE (see Figures 1 and 2) focused on the most prospective one third of the area covered by the previous MRE and included results from infill drilling, mining studies and metallurgical test work. There is scope to increase mineral resources by drilling outside the new MRE area.

The improved grade is not only due to the higher cut-off grade, but also the improved geological modelling and geostatistical methodology. The new MRE also satisfies the JORC requirement of ‘reasonable prospects of eventual economic extraction’ as validated by Schauenburg and Mintek metallurgical test work and adequate bulk density estimation.

Areas have already been identified for infill and expansion drilling and a decision to proceed is dependent on capital availability.

**Figure 1: Plan of the drill holes used in the Tubas Sand MRE and the old MRE boundary**

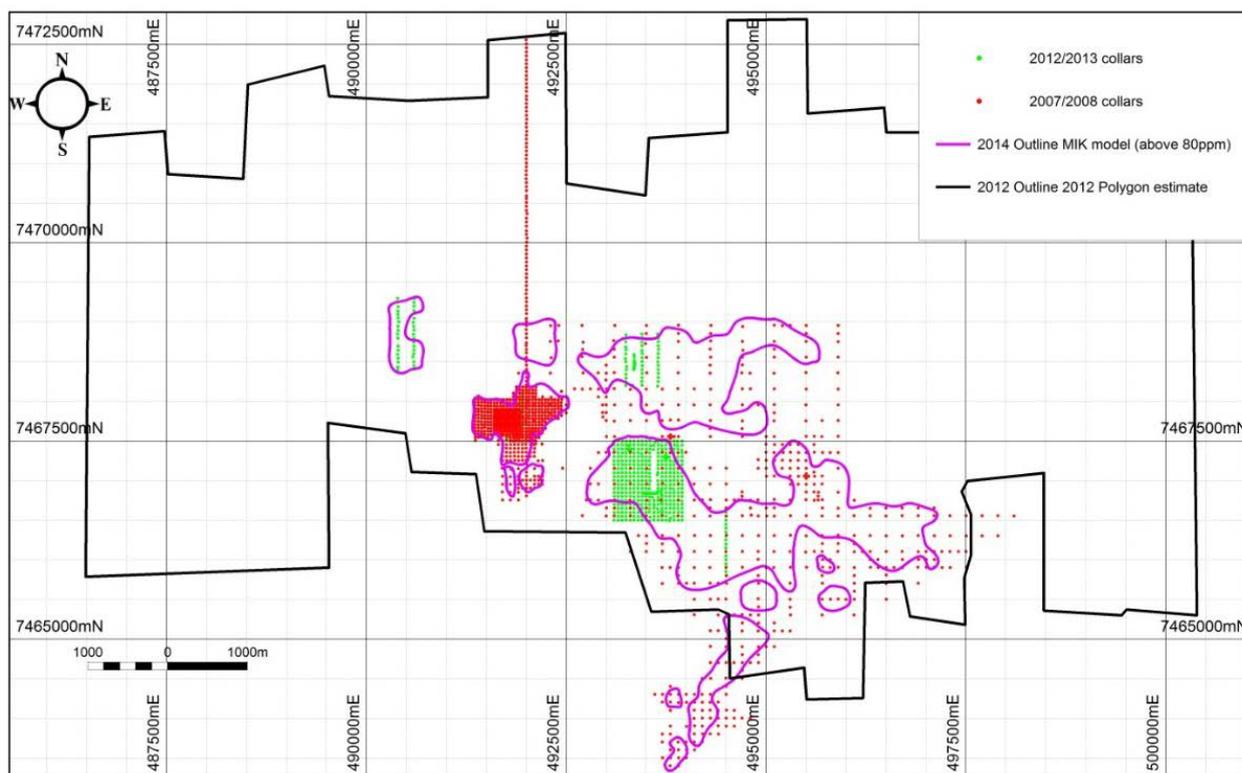




Figure 2: Cross-Section 493450mE through Tubas Sands MIK model, vertical exag x10

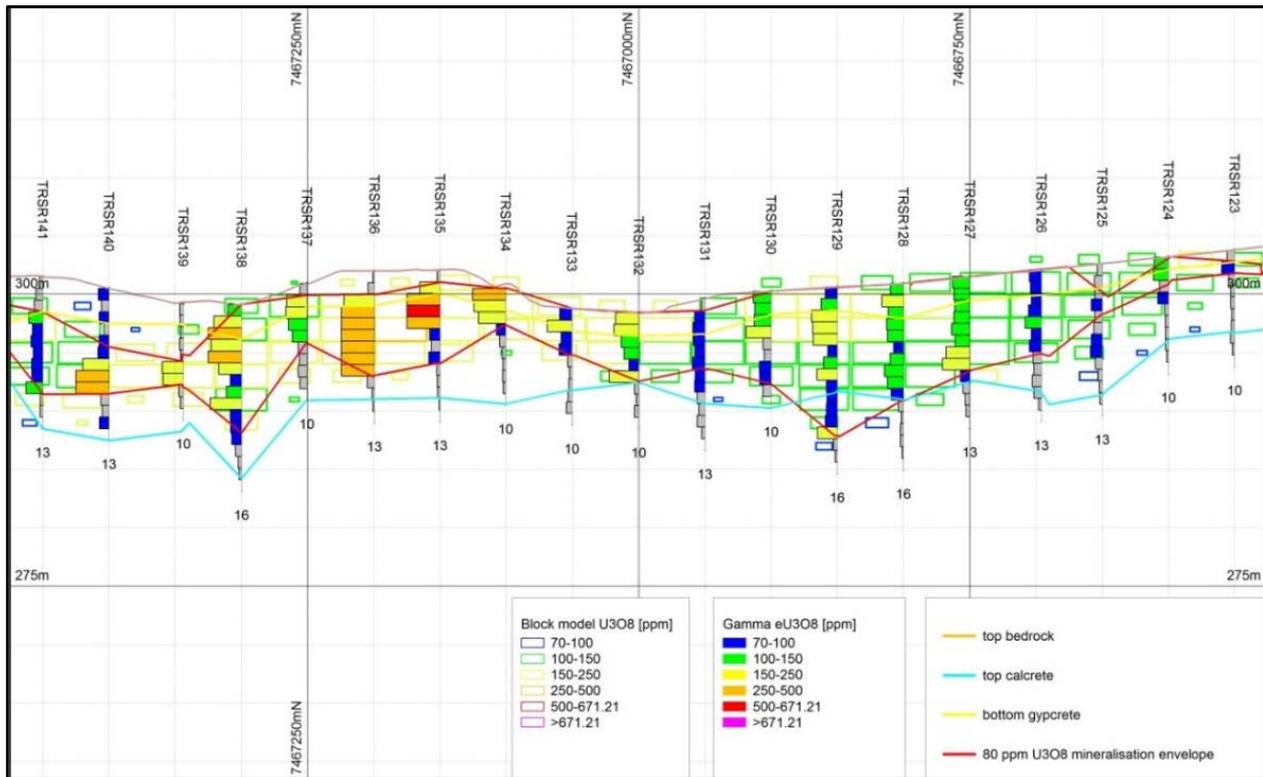


Table 1: Grade Tonnage tabulation of the Tubas Sands Model

Resource category	Cut-off U <sub>3</sub> O <sub>8</sub> [ppm]	Tonnage [Mt]	U <sub>3</sub> O <sub>8</sub> grade [ppm]	U <sub>3</sub> O <sub>8</sub> metal [tonnes]	U <sub>3</sub> O <sub>8</sub> metal (Mlbs)	In-Situ Dry bulk density
Indicated	70	10,800	180	1,900	4.2	1.8
Inferred		28,900	149	4,300	9.5	1.8
<b>Total</b>		<b>39,700</b>	<b>158</b>	<b>6,200</b>	13.7	1.8
Indicated	100	10,000	187	1,900	4.1	1.8
Inferred		24,000	163	3,900	8.6	1.8
<b>Total</b>		<b>34,000</b>	<b>170</b>	<b>5,800</b>	12.7	1.8
Indicated	150	5,800	232	1,300	2.9	1.8
Inferred		10,200	215	2,200	4.8	1.8
<b>Total</b>		<b>16,000</b>	<b>221</b>	<b>3,500</b>	7.7	1.8

## 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 3). This review was thought necessary to synthesise and evaluate all data from five years of previous work by the Company using a fresh approach. The objective was to confirm prospectivity, and define new targets on a priority basis.

The analysis focussed on evaluating potential for high-grade “alaskite-type” discoveries exemplified by Extract’s Husab deposit, in areas of poor outcrop and shallow cover. The analysis defined 15 conceptual



targets for follow-up work of which six were deemed to be of high priority. In addition to this conceptual approach, systematic analysis of airborne radiometric data defined a further 19 targets, some of which partially overlap the conceptual target areas.

**Results of Analysis**

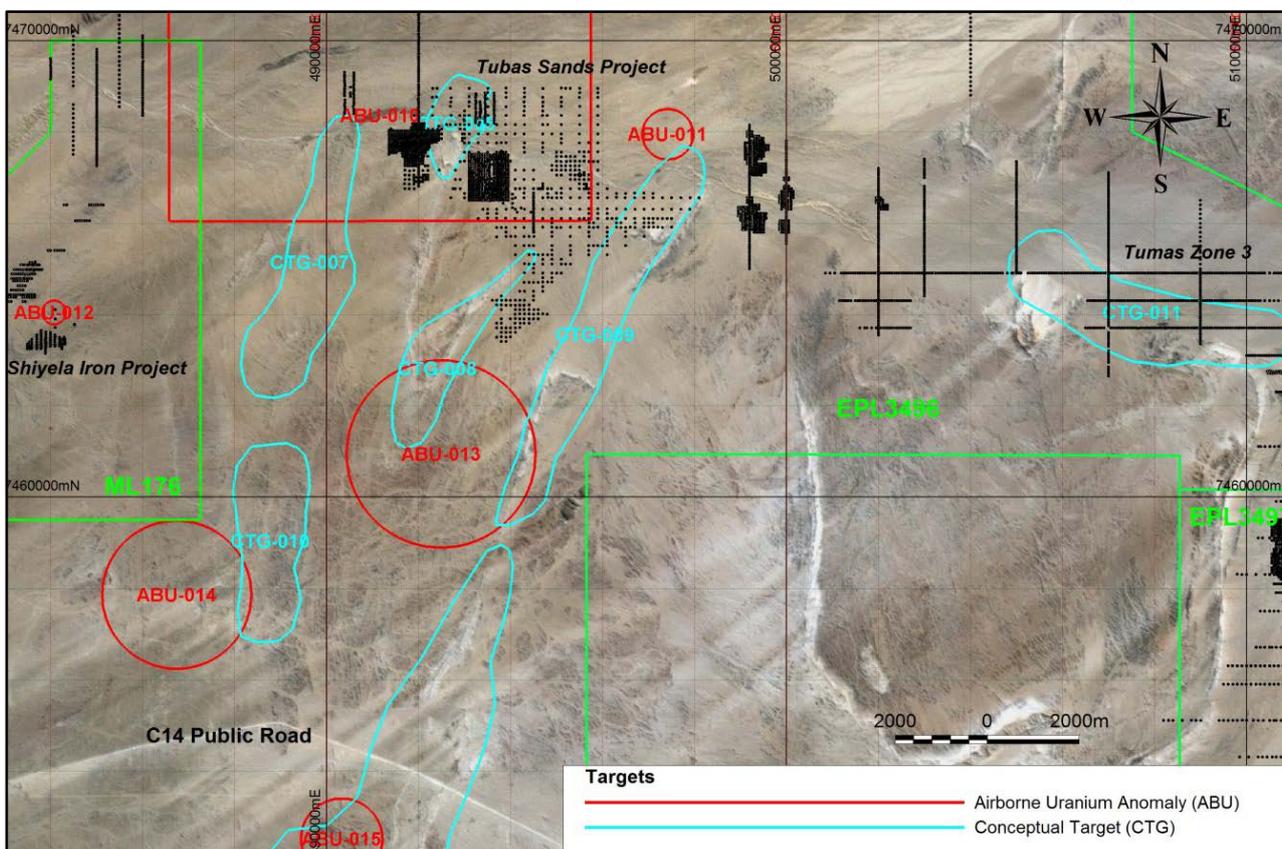
Subsequent work has focussed on visiting most of the high priority target areas and carrying out geological mapping, ground radiometric surveys and re-logging of key drill holes. Seven of the conceptual target areas have been assessed and three of the airborne radiometric anomalies.

**Prospective Targets**

Target areas CTG-006 and 007 are confirmed as highly prospective. CTG-007, which is situated several kilometres SW of the Tubas Red Sands Project, has outcropping uraniferous skarn similar to that at the Inca and MS7 deposits. Outcrop is however poor and follow-up will require an Inverse Polarisation (IP) survey and/or drilling. Target area CTG-006 incorporates the Tubas palaeochannel deposit. An underlying alaskite-type deposit may have been the source of uranium at Tubas. Follow-up here will require drilling to greater depths than previously in order to assess the rocks underlying Tubas.

Target areas CTG-008 and -009 occur approximately 8km south of the Tubas palaeochannel deposit. These are associated with radiometric anomaly ABU-013 due to uraniferous leucogranite similar to that at the MS7 and Ongolo alaskite deposits. Seven samples out of 50 analysed using a handheld gamma spectrometer assayed at greater than 100 ppm U<sub>3</sub>O<sub>8</sub> with a maximum of 1,116 ppm. These preliminary results confirm the prospectivity of this area. Also, marble outcrops adjacent to the leucogranite at CTG-008 and CTG-009 indicate proximity to the key stratigraphic interval that controls the location of most uranium deposits in the region. It is also noteworthy that this prospective zone lies adjacent to the major Welwitschia lineament thought to be a fundamental control on deposit distribution. Outcrop is poor and the area requires further assessment with IP and/or drilling.

**Figure 3: Map showing some of the radiometric as well as conceptual (alaskite) targets on EPL3496**





## Downgraded Targets

Work at targets CTG-010, 011 and 005 provided no indications for the presence of uraniferous alaskites. Target CTG-011 underlies the Tumas Zone 3 palaeochannel deposit and outcrop is poor. Some of RUN's drilling has already tested for the presence of alaskite-type uranium underlying Tumas with some encouraging results that will need to be followed up.

Assessment of the airborne anomaly ABU-014 revealed hitherto unrecorded secondary uranium mineralisation, similar to that encountered at Tubas palaeochannel deposit. However, our assessment suggests that there is insufficient tonnage potential for an economic deposit.

## Conclusions

Work to date has confirmed the prospectivity of five of the conceptual targets and the airborne radiometric target ABU-013. Follow-up involving a geophysical targeting technique such as IP and drilling will be required.

## METALLURGICAL TESTWORK

### Application of Marenica Energy Limited's *U-PGRADE*<sup>TM</sup> Technology

Following the success of the ore characterisation testwork on samples provided to Marenica Energy Ltd (Marenica) from RUN's Tumas Palaeochannel Calcrete and Aussinanis deposits as well as DYL's Napperby deposit, a sample from RUN's Tubas Sand Project was sent to Marenica for ore characterisation testwork as well. The objective of the ore characterisation testwork is to evaluate the sand's propensity to upgrade through Marenica's *U-pgrade*<sup>TM</sup> process. If successful Marenica's *U-pgrade*<sup>TM</sup> process could be considered as an alternative processing technology to the Schauenburg circuit or conventional cyclone circuit.

## TUBAS SAND PROJECT

As reported at the end of the previous quarter it was decided to conduct a process trade-off study to evaluate the different processing options for the project, starting with the existing model of producing a physically beneficiated high grade sand concentrate for sale to one of the existing Namibian uranium producers, through various stages of intermediate product (such as loaded resin, ADU or SDU) to final product.

The trade-off study is currently being finalised and the results will be released shortly.

Drilling programmes were also being prepared to infill the higher grade mineralisation envelope as well as resource expansion on other zones beyond this envelope but still within the existing JORC compliant resource area. A decision to proceed with any drill programme will be dependent on the results of the trade-off and scoping study as well as capital availability.

## SHIYELA IRON PROJECT

Discussions with the preferred bidder on the divestment of the Project have continued during the quarter. However the Company advises that a transaction is unlikely to be completed prior to the end of the financial year. The preferred bidder has requested a delay enabling it to address commercial issues unrelated to the Shiyela transaction.

Despite this delay the Company remains optimistic that the transaction would ultimately conclude favourably.

## CORPORATE

### FINANCIAL

DYL completed the Quarter with cash and liquid assets of \$2.0 million at 31 March 2014.



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For further information on the Company and its projects - visit the website at [www.deepyellow.com.au](http://www.deepyellow.com.au)

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**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 mining 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.

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**Competent Person's Statements**

The information in this report that relates to Exploration Results is based on information compiled by Dr Katrin Kärner who is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM CP(Geo)). Dr Katrin Kärner, who is the Exploration Manager for Reptile Uranium Namibia (Pty) Ltd, has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she 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 Katrin Kärner consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

*Tubas Sand Deposit:*

Where the Company refers to the Tubas Sand Project resource upgrade in this report (referencing the release made to the ASX on 24 March 2014), it confirms that it is not aware of any new information or data that materially affects the information included in that announcement and all material assumptions and technical parameters underpinning the resource estimate with that announcement continue to apply and have not materially changed.

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# Annexure 1

## Schedule of Mineral Tenure – March 2014

### NAMIBIA

Number	Name	Interest	Expiry Date	JV Parties	Approx. Area (km <sup>2</sup> )
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 <sup>2</sup> )
EL 24246	Napperby	100%	10.10.14	-	477
EL 25146	Mt Morris West	100%	Vetoed Application	-	-
EL 25147	Mt Morris	100%	Vetoed Application	-	-
EL 29385	Highland Rocks 1	100%	Application	-	-
EL 29386	Highland Rocks 2	100%	Application	-	-
EL 29387	Highland Rocks 3	100%	Application	-	-
EL 29388	Highland Rocks 4	100%	Application	-	-

**Sub-Total** **477**

### QUEENSLAND

Number	Name	Interest	Expiry Date	JV Parties	Approx. Area (km <sup>2</sup> )
EPM 14281	Yamamilla	100%	06.07.15	SML #1	118
EPM 14916	Ewen	100%	14.04.16	SML #1	243
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** **438**

**DYL Total** **4,024**

### AGREEMENTS

	Approx. Area (km <sup>2</sup> )
ABM Resources NL - Northern Territory (100% uranium rights stay with DYL)	17,094
<b>Sub-Total</b>	<b>17,094</b>
<b>Total Area</b>	<b>21,118</b>