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31 January 2006

The Company Announcements Officer
Australian Stock Exchange Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

By e-Lodgement

Dear Sir/Madam

**QUARTERLY REPORT
FOR PERIOD ENDING 31 DECEMBER 2005**

HIGHLIGHTS

- ***Tenement acquisition in Tanami-Arunta Province:***
 - ***A further six exploration licences totalling 3,180 km² were acquired 100%.***
 - ***In addition, Tanami Gold NL acquired six exploration licences giving the Company the uranium rights to a further 2,903 km².***
 - ***The Company now has uranium rights over a total of 56,105 km² in the Western Australian/Northern Territory Province.***
- ***The Company has signed an agreement with the representative Traditional Owner's organisation that will see its Ponton North tenement applications in Western Australia go through the "expedited grant" process.***
- ***Arrangements to continue drill programs at the Napperby Project in the Northern Territory were progressed with the Company hopeful of drill rig access in February 2006.***

EXPLORATION ACTIVITIES

Napperby Project (100%, Northern Territory)

As previously reported to the Australian Stock Exchange (on 15th, 18th and 29th November, 2005) resource consultants Hellman & Schofield were unable to produce a JORC Compliant resource estimate for the Napperby uranium deposit (see Figures 1 and 2) owing to poor drill sample recoveries through the mineralised zones.

Preliminary estimations undertaken by Hellman and Schofield using the Deep Yellow Ltd (DYL) assay data were vastly different to those previously reported based on the information supplied by Paladin Resources Ltd, which in turn based its information on that gathered from three different drilling campaigns and a Pre-Feasibility Study carried out by Uranerz during its substantial evaluation of the project in the period 1977 to 1981.

The Napperby assay dataset currently contains a total of 2,991 samples with an average grade of 111 ppm U₃O₈, this comprises 2,013 DYL samples with an average grade of 89ppm and 978 Uranerz samples with an average grade of 145 ppm. These values clearly demonstrate discrepancies between the two datasets.

There are only a limited number of likely reasons for the differences between the two datasets. These differences could relate primarily to the sampling of the DYL drill holes and it's appropriateness to the mineralisation style. DYL collected drill sample recovery data for 186 samples and these returned an average recovery of 49%. An average recovery of less than 50% is unacceptable under the JORC (2004) Code.

It is evident that it is necessary to take steps to confirm both sets of data by drilling twinned holes alongside both the original Uranerz drilling and the more recent DYL drilling. It appears auger drilling (as was used by Uranerz) would be better suited to evaluate the Napperby mineralisation. The aircore drilling method that was used by DYL resulted in considerable loss of sample mass and possibly also potential loss of mineralisation due to dust loss. Furthermore, sampling should have been carried out on a 0.5 m basis and not on 1 m as this may have resulted in significant grade loss due to dilution as the bands of mineralisation are narrow.

Although it was previously suggested that ten holes drilled alongside each generation of existing holes (20 in total) should be sufficient to make a valid comparison and determine if there is significant bias in either of the two generations of drilling, it is evident from subsequent evaluation of all the work done to date that there is an area where the mineralisation is consistent and it has been decided to fully evaluate about a one square kilometre portion of this area by drilling holes on 50 m centres. A piling rig drilling approximately 400 mm diameter holes will be used to ensure maximum recovery. Permission to allow for this programme of work to be undertaken has been applied for to allow for its commencement as soon as possible.

NE Arunta Project (100%, Northern Territory)

The Company received site clearance for its planned exploration programme from the Central Land Council (CLC) during the September Quarter.

The Project is located in the Proterozoic Arunta block, approximately 270km NNE of Alice Springs (see Figure 2). Exploration by previous workers (1980's) has defined a 1400 metre strike radiometric anomaly within the Yambla Amphibolite. Drilling and trenching by PNC defined a 1 to 10 m thick alteration zone within which occurs sporadic to occasionally very high grade uranium mineralisation in the form of egg-shaped nodules of uraninite grading 1-12% U₃O₈.

The Company plans to undertake field assessment and sampling programs on the property in March 2006.

Tanami-Arunta Province (100%, Northern Territory)

During the Quarter the Company continued its review of the Tanami-Arunta database acquired from Tanami Gold NL (TGNL). Several targets were identified within tenements held by TGNL for which the Company has the uranium rights.

In addition, DYL identified a number of palaeodrainages with coincident uranium-radiometric anomalies in open ground. Five exploration licences, ELAs 25097, 25146, 25147, 25155 and 25156 were applied for totalling 2,991 km² (see Figure 2) to cover these anomalies.

DYL has also lodged exploration licence application ELA 25101 of 189 km² to cover that portion of the Mordor Alkaline Igneous Complex to the northeast of Alice Springs not already held by TGNL. This igneous complex comprises an ultramafic phase which hosts the Mithral platinum-palladium-gold-copper mineralisation discovered by TGNL and an apatite-rich syenitic phase with a strong coincident uranium radiometric signature recognised by DYL. The Company's target is a "Rossing style" intrusion related uranium deposit.

During the Quarter, TGNL acquired six exploration licences totalling 2,903 km² in the Western Australian and Northern Territory sectors of the Tanami-Arunta Province to which DYL has 100% uranium rights.

The Company agreed to the relinquishment and partial relinquishment affecting ten exploration licences totalling 1,857 km² held by TGNL. The relinquished ground was assessed as having no potential for uranium mineralization.

At the end of the Quarter the Company holds 100% of the uranium rights over tenements totalling 50,880 km² held by TGNL.

The Company will commence access negotiations for uranium exploration on TGNL's granted tenements in the next quarter.

Siccus Joint Venture (90%) & Frome Basin Database (100%) South Australia

The Frome Basin is located 500 kilometres north of Adelaide and covers approximately 50,000 km². Uranium exploration in the basin commenced in 1968 and continued through until the early 1980's, focusing on targets within Tertiary palaeochannel systems. Two substantial uranium deposits, Beverley and Honeymoon were discovered in this period. Beverley is the third operating uranium mine in Australia and is successfully utilising In Situ Leach (ISL) mining technology.

The acquisition of Paladin's 90% interest in the Siccus Joint Venture (see Figure 1) in the Frome Basin is the Company's first foray into the South Australian uranium province.

DYL has appointed a senior geologist based in Adelaide to evaluate both the Joint Venture area and available opportunities associated with the exclusive licence to Paladin's Frome Basin database. Additionally target generation in the greater State area is being undertaken.

Negotiation of a Native Title Agreement with the Traditional Owners of the Siccus Joint Venture region is expected to be initiated in the next quarter to allow for ground access.

Ponton North Uranium Project (100%, Western Australia)

The Ponton North acquisition (see Figure 1) comprises five exploration licence applications (E39/1140 - 1144) covering approximately 1,150 km². The ELAs contain Tertiary palaeochannels which are considered highly prospective for uranium mineralisation and which are contiguous with and connect through to the Mulga Rock uranium deposits discovered by PNC Exploration (Australia) Ltd (PNC) immediately to the north of the Ponton Project.

Uranerz drilled the area in the 1980's and outlined a well defined Tertiary palaeochannel drainage system. This work identified the Driller's Corner Prospect which returned uranium mineralisation assaying up to 0.14% U₃O₈ from wide spaced drilling. In addition, two 2 x 0.5 km anomalous areas having greater than 0.02% U₃O₈ were delineated during this work so confirming that highly uriferous waters flowed through these channel systems. The Company believes that the tenements have the potential for roll-front type uranium deposits suitable for In Situ Leaching.

The Company has signed a Standard Heritage Agreement with the Goldfields Land and Sea Council that will lead to the exploration licence applications being processed by the Expedited Procedure of the Native Title Act.

The Company has commenced a review of the work carried out by Uranerz on the tenements and of open file data on the adjacent Mulga Rock deposits (15,330 t of U₃O₈ at a grade of 0.14% U₃O₈) discovered by PNC.

CORPORATE

Trading Halt - Reinstatement

As a result of the announcement to the Australian Stock Exchange (on 15th November, 2005) that the Company had received assay results from its recent drill program at Napperby that differed markedly from previous work by Uranerz in the 1980's the Company requested a trading halt while the discrepancy was investigated.

The outcome of the investigation indicated that the most likely reason for the lower assay values returned by the Company's August drill program was poor sample recovery through the mineralised zone.

Trading in the Company's stock recommenced on 30th November, 2005.

Share Purchase Plan

Prior to the above-mentioned trading halt the Company had announced a Share Purchase Plan (SPP) on 31 October 2005. With the trading halt in place the Directors decided to withdraw the SPP and returned the funds to shareholders.

Annual General Meeting

At an Annual General Meeting of the Company on 29 November 2005 shareholder ratified all formal business which included the re-election of Mr Martin Kavanagh and Ms Gillian Swaby as Non-Executive Directors of the Company.

Yours faithfully
Deep Yellow Limited



Leon Pretorius
Executive Chairman

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 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.

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

97 006391 948

Quarter ended ("current quarter")

31 DECEMBER 2005

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(282)	(556)
(b) development	-	-
(c) production	-	-
(d) administration	(97)	(333)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	27	67
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
	(352)	(822)
Net Operating Cash Flows		
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) tenements	-	(817)
(b) equity investments	-	-
(c) other fixed assets	(39)	(59)
1.9 Proceeds from sale of:		
(a) tenements	-	119
(b) equity investments	-	-
(c) other fixed Assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid from other entities	-	-
1.12 Other (provide details if material)	-	-
	(39)	(757)
Net investing cash flows	(39)	(757)
1.13 Total operating and investing cash flows (carried forward)	(391)	(1,579)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(391)	(1,579)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	157
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	-	-
	Net financing cash flows	-	157
	Net increase (decrease) in cash held	(391)	(1,422)
1.20	Cash at beginning of quarter/year to date	2506	3,537
1.21	Exchange rate adjustments to item 1.20		-
1.22	Cash at end of quarter	2,115	2,115

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	70
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	N/A	
3.2 Credit standby arrangements	N/A	

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	300
4.2 Development	-
Total	300

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	2,115	2,506
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,115	2,506

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			
6.2	Interests in mining tenements acquired or increased			
	EL 25097	72 Blocks (230 km ²)	Nil	100%
	EL 25101	59 Blocks (189 km ²)	Nil	100%
	EL 25146	218 Blocks (698 km ²)	Nil	100%
	EL 25147	499 Blocks (1,596 km ²)	Nil	100%
	EL 25155	111 Blocks (355 km ²)	Nil	100%
	EL 25156	35 Blocks (112 km ²)	Nil	100%

+ See chapter 19 for defined terms.

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>	NIL			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 Ordinary securities	444,687,683	444,317,683		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	NIL			
7.5 Convertible debt securities <i>(description)</i>	NIL			
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>
	160,000	-	35 cents	01/01/2007
	25,000,000	-	1 cent	31/12/2007
	10,000,000	-	2 cents	31/12/2007
	10,000,000	-	5 cents	31/12/2007
	5,000,000	-	7.5 cents	31/12/2008
	12,500,000	-	12 cents	31/7/2008
	6,000,000	-	25 cents	31/12/2008
	4,000,000	-	35 cents	31/12/2008
7.8 Issued during quarter	6,000,000	-	25 cents	31/12/2008
	4,000,000	-	35 cents	31/12/2008
7.9 Exercised during quarter	NIL			
7.10 Expired during quarter	1,500,000	-	50 cents	31/12/2005
7.11 Debentures <i>(totals only)</i>	NIL			
7.12 Unsecured notes <i>(totals only)</i>	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.



31 January 2006

Sign here: Date:
(Company secretary)

Print name: MARK PITTS
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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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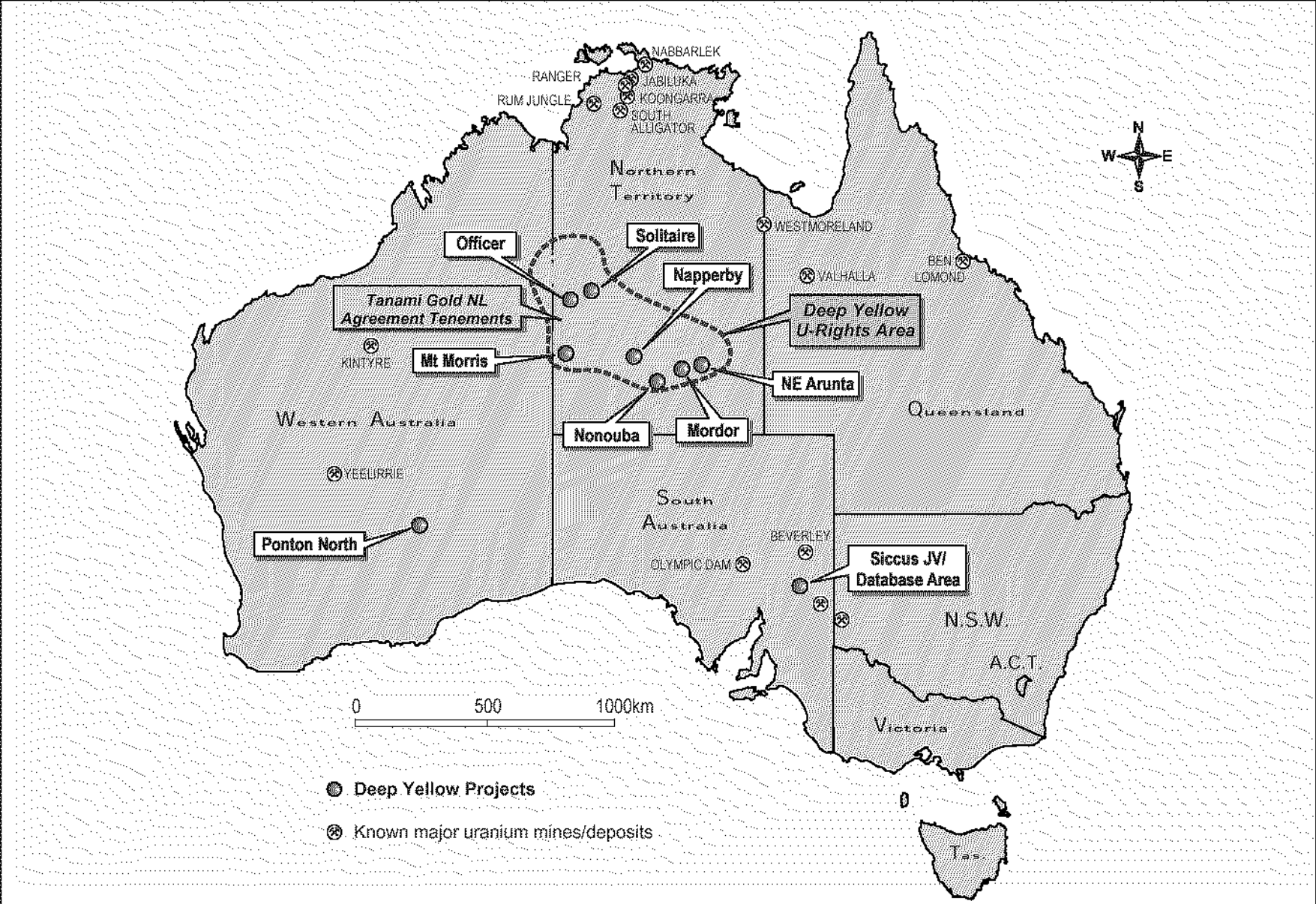
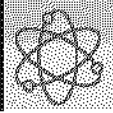
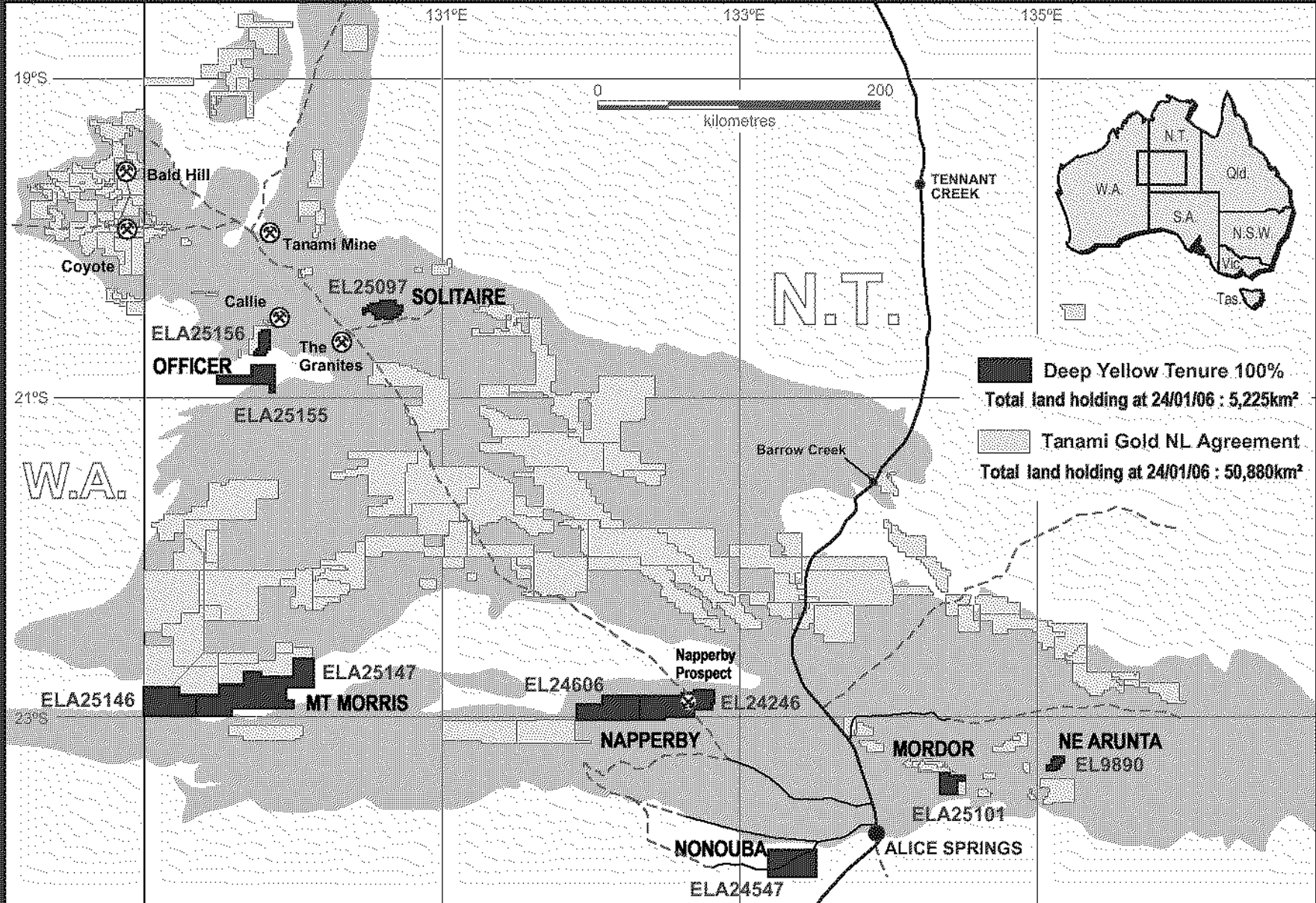


FIGURE 1

PROJECT LOCALITY





■ Deep Yellow Tenure 100%
Total land holding at 24/01/06 : 5,225km²

▨ Tanami Gold NL Agreement
Total land holding at 24/01/06 : 50,880km²

FIGURE 2

PROJECT LOCALITY

