Deep Yellow Limited

(ACN 006 391 948)

HALF YEAR REPORT

31 DECEMBER 2009

DIRECTORS' REPORT

Your Directors submit the financial report of the Group and the entities it controlled for the half year ended 31 December 2009.

Directors

The names of Directors who held office during or since the end of the half year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mervyn Greene	Chairman (Non-Executive)
Leon Pretorius	Managing Director (resigned from 28 February 2010)
Patrick Mutz	Managing Director (appointed from 1 March 2010)
Martin Kavanagh	Executive Director
Gillian Swaby	Non-Executive Director
Tony McDonald	Non-Executive Director
Rudolf Brunovs	Non-Executive Director

Review of Operations

During the reporting period, activity was focussed mainly on obtaining JORC Code mineral resource estimates for two deposits in Namibia and five deposits in Mt Isa, Queensland with continued drilling on Namibian and Australian projects returning outstanding results across the various projects.

The main activities undertaken during the six months ended 31 December 2009 are set out below:

Exploration - NAMIBIA

A possible short term production of magnetite and a medium term uranium mining operation are planned based on the INCA and Tubas Red Sand uranium deposits. Consultants have been appointed for JORC Code resource estimations and environmental studies and engineers have been appointed for the feasibility studies.

Reconnaissance drilling has been completed on the Tumas-Tubas palaeochannel system with subsequent RC drilling continuing to define strong mineralisation in the Oryx to Tumas section.

An airborne geophysical survey on selected Nova JV tenements has been completed and drilling commenced on the Nova JV tenement immediately west of Langer Heinrich Mine.

Exploration - AUSTRALIA

An Indicated and Inferred Mineral Resource estimate for a number of prospects in the Mount Isa District, Queensland was received. The individual resource estimates for each prospect are in line with that expected from surface mapping and 2008 wide spaced drilling and auger well for the continuation JORC Code resource drilling programmes as part of the short to medium-term strategic plan (2010-2012) to outline 5,000 to 8,000 tonnes of U_3O_8 in the Mount Isa District at ~ 400 ppm U_3O_8 grade. The medium to long term target is to define 12,000 to 15,000 tonne U_3O_8 based on feeding a central processing plant from combined open pit and underground operations.

DYL earned a 51% interest through the Leichhardt JV in EPM 14367 by spending in excess of $100,000 by 31 December 2009. Reconnaissance drilling at tenement EPM 14367 returned extensive alteration zones with a best intercept of 6 metre at 918 ppm U_3O_8 from 42 metre.

DIRECTORS' REPORT

JORC Resources

A schedule of DYL's JORC Resources, as previously released to ASX, is given below:

JORC RESOURCES STATEMENT – JANUARY 2010							
Deposit	**Category**	**Tonne**	**U_3O_8 (ppm)**	**U_3O_8 (%)**	**U_3O_8 (kg/t)**	**U_3O_8 (t)**	**U_3O_8 (lb)**
Reptile Uranium Namibia							
Tubas #	**Inferred**	**77,278,820**	**228**	**0.0228**	**0.228**	**17,620**	**38,852,100**
Tumas*	**Indicated**	**9,000,000**	**343**	**0.0343**	**0.343**	**3,087**	**6,806,835**
Tumas*	**Inferred**	**1,000,000**	**360**	**0.0360**	**0.360**	**360**	**793,800**
Tubas Red Sand	**Validating Data**	-	-	-	-	-	-
Aussinanis	**Validating Data**	-	-	-	-	-	-
Inca	**Validating Data**	-	-	-	-	-	-
Reptile Project Total		**87,278,820**	**241**	**0.0241**	**0.241**	**21,067**	**46,452,735**
Napperby Uranium Project							
Napperby*	**Inferred**	**9,340,000**	**359**	**0.0359**	**0.36**	**3,351**	**7,390,000**
Napperby Project Total ‡		**9,340,000**	**359**	**0.0359**	**0.36**	**3,351**	**7,390,000**
Mount Isa Uranium Project							
Inferred		**2,020,000**	**440**	**0.044**	**0.440**	**890**	**2,000,000**
Indicated		**1,620,000**	**400**	**0.040**	**0.400**	**660**	**1,400,000**
Mount Isa Project Total ❖		**3,640,000**	**420**	**0.042**	**0.420**	**1,540**	**3,400,000**
TOTAL RESOURCES		**100,258,820**	**259**	**0.0259**	**0.259**	**25,958**	**57,242,735**

100 ppm cut-off   * 200 ppm cut-off   ❖ 300 ppm cut-off   Conversion 1 kg = 2.205 lb

‡ Napperby is subject to buy-out option agreement whereby Toro Energy Ltd can purchase the deposit

DIRECTORS' REPORT

Financial

Exploration expenditure for the half year was $8,831,325 (December 2008: $10,301,134).

Net loss for the half year was $2,213,715 (December 2008: $12,384,765). Included in the total expenses of $3,733,119 (December 2008: $18,253,452) for the period is an amount recognised in respect of the fair value of options issued and vesting during the period totalling $1,590,247 (December 2008: $1,790,182), an impairment expense in respect of a decrement of value in available for sale financial assets of $39,800 (December 2008: $1,516,428) and exploration costs written off to the amount of $658,731 (December 2008: $13,636,555).

Issued share capital has increased by $1,069,730 during the period. The increase is due to the issue of ordinary fully paid shares on the exercise of options.

Outlook

The end of December 2009 sees the Group in a strong position with $36,324,617 in cash and liquid assets to fund on-going exploration programmes. The Board has approved an exploration budget of $20,012,300 for the financial year ending 30 June 2010.

The Group is on the threshold of becoming an uranium producer in Namibia and has an excellent position in the Mt Isa district to further develop its exploration programmes.

Auditor's Declaration

Section 307C of the Corporations Act 2001 requires our auditors, Ernst & Young, to provide the Directors of the Group with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 3 and forms part of this Directors' Report for the half-year ended 31 December 2009.

This report is signed in accordance with a resolution of the Board of Directors.

Mervyn Greene
Chairman
Dated this day 9 March 2010

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Auditor's Independence Declaration to the Directors of Deep Yellow Limited

In relation to our review of the financial report of Deep Yellow Limited for the half-year ended 31 December 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

R A Kirkby
Partner
Perth
9 March 2010

STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Notes	Consolidated 31 December 2009 $	Consolidated 31 December 2008 $
Continuing operations			
Interest revenue		924,976	2,074,197
Other income	2	99,310	-
Revenue		1,024,286	2,074,197
Administrative expenses	2	(2,871,614)	(2,999,313)
Marketing expenses		(54,551)	(7,600)
Occupancy expenses		(108,423)	(93,556)
Net fair value loss on held for trading financial assets	2	(39,800)	(407,767)
Decline in available for sale financial assets		-	(1,108,661)
Exploration costs written off	6	(658,731)	(13,636,555)
Loss from continuing operations before income tax		(2,708,833)	(16,179,255)
Income tax benefit	2	495,118	3,794,490
Loss from continuing operations after income tax		(2,213,715)	(12,384,765)
Other comprehensive income			
Foreign currency (loss)/profit		(1,046,738)	1,456,301
Net fair value gains/(losses) on available for sale financial assets		(141,318)	(44,698)
		(1,188,056)	1,411,603
Total comprehensive loss for the period		(3,401,771)	(10,973,162)
		Cents	Cents
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the parent:			
Basic loss per share		(0.20)	(1.11)
Diluted loss per share		(0.20)	(1.11)

The accompanying notes form part of these financial statements

BALANCE SHEET
AS AT 31 DECEMBER 2009

	Notes	Consolidated 31 December 2009 $	Consolidated 30 June 2009 $
Assets			
Current Assets			
Cash and cash equivalents		4,324,617	32,415,814
Other short term bank deposits		32,000,000	15,000,000
Trade and other receivables		1,707,460	1,269,469
Held for trading financial assets	8	78,000	117,800
Other financial assets		480,144	427,381
Total Current Assets		38,590,221	49,230,464
Non-Current Assets			
Available for sale financial assets	7	642,667	822,427
Property, plant and equipment		2,639,831	2,900,621
Deferred exploration expenditure	6	106,369,345	98,196,751
Total Non-Current Assets		109,651,843	101,919,799
Total Assets		148,242,064	151,150,263
Liabilities			
Current Liabilities			
Trade and other payables		552,689	1,795,906
Total Current Liabilities		552,689	1,795,906
Non-Current Liabilities			
Deferred tax liabilities		355,412	850,530
Total Non-Current Liabilities		355,412	850,530
Total Liabilities		908,101	2,646,436
Net Assets		147,333,963	148,503,827
Equity			
Contributed equity	3	194,766,704	193,696,974
Accumulated losses		(56,600,359)	(54,386,644)
Equity compensation reserve		9,511,412	8,349,235
Asset fair value adjustment reserve		179,066	320,384
Foreign exchange reserve		(522,860)	523,878
Total Equity		147,333,963	148,503,827

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Contributed Equity	Net unrealised gains reserve	Foreign currency translation reserve	Equity compensation reserve	Retained earnings / accumulated loss	Total Equity
	$	$	$	$	$	$
At 1 July 2009	193,696,974	320,384	523,878	8,349,235	(54,386,644)	148,503,827
Total comprehensive income for the period	-	(141,318)	(1,046,738)	-	(2,213,715)	(3,401,771)
Transactions with owners in their capacity as owners						
Exercise of options	1,069,730	-	-	(433,793)	-	635,937
Share based payments	-	-	-	1,595,970	-	1,595,970
At 31 December 2009	194,766,704	179,066	(522,860)	9,511,412	(56,600,359)	147,333,963

	Contributed Equity	Net unrealised gains reserve	Foreign currency translation reserve	Equity compensation reserve	Retained earnings / accumulated loss	Total Equity
	$	$	$	$	$	$
At 1 July 2008	191,084,094	44,698	(1,755,252)	6,544,847	(41,039,832)	154,878,555
Total comprehensive income for the period	-	(44,698)	1,456,301	-	(12,384,764)	(10,973,161)
Transactions with owners in their capacity as owners						
Exercise of options	1,928,750	-	-	(916,250)	-	1,012,500
Share based payments	-	-	-	1,774,156	-	1,774,156
At 31 December 2008	193,012,844	-	(298,951)	7,402,753	(53,424,596)	146,692,050

The accompanying notes form part of these financial statements

CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Consolidated	
	31 December 2009 $	31 December 2008 $
	Inflows/(Outflows)	
Cash flows from operating activities		
Payments to suppliers and employees	(1,729,674)	(1,062,149)
Interest received	735,769	2,197,620
Other receipts	38,333	250,213
Net cash used in operating activities	(955,572)	(8,439,748)
Cash flows from investing activities		
Payments for property, plant and equipment	(105,815)	(551,343)
Payments for exploration	(10,577,006)	(9,825,432)
Funds invested in short term deposits	(32,000,000)	(25,000,000)
Proceeds from sale of investment	99,420	-
Proceeds on disposal of security deposits	9,000	-
Payments of security deposits	(7,500)	(78,162)
Net cash used in investing activities	(42,581,901)	(25,629,505)
Cash flows from financing activities		
Proceeds from issue of shares	635,938	1,012,500
Net cash provided by financing activities	635,938	1,012,500
Net (decrease)/increase in cash held	(42,901,535)	(33,056,753)
Effect of foreign exchange on cash flows	(189,662)	331,102
Cash and cash equivalents at the beginning of the period	47,415,814	57,055,701
Cash and cash equivalents at the end of the period	4,324,617	24,330,050

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

Note 1 Summary of significant accounting policies

Basis of preparation

This general purpose condensed financial report for the half-year ended 31 December 2009 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2009 and considered together with any public announcements made by Deep Yellow Limited during the half-year ended 31 December 2009 in accordance with the continuous disclosure obligations of the ASX listing rules.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

Changes in accounting policy

From 1 July 2009 The Group has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2009:

AASB 8 (IFRS 8) *and* *AASB 2007-3*	*Operating Segments and consequential amendments to other Australian Accounting Standards* AASB8 / IFRS 8 is a disclosure standard that has resulted in the identification of the Group's reportable segments as detailed in Note 4 . This standard requires disclosure of information about the Consolidated Entity's operating segments and replace the requirement to determine primary and secondary reporting segments of the Consolidated Entity.
AASB 101 (Revised) *(IAS 1)* *AASB 2007-8 and* *AASB 2007-10*	*Presentation of Financial Statements (revised 2007) and other consequential amendments to other Australian Accounting Standards* The revised standard introduces a number of terminology changes, and introduces the statement of comprehensive income. The revised standard has resulted in a number of changes in presentation and disclosure.

The following standards and interpretations and all consequential amendments, which became applicable on 1 July 2009, have also been adopted by the Group, but had no impact on the financial position or performance of the Group, or on presentation or disclosure in its financial statements.

AASB 123 (Revised) *(IAS 23) and* *AASB 2007-6*	Borrowing Costs and consequential amendments to other Australian Accounting Standards

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

AASB 2008-1 (IFRS 2)	Amendments to Australian Accounting Standards-Share Based Payments: Vesting Conditions and Cancellations
AASB 2008-5 / AASB 2008-6 (IAS Annual Improvements Projects)	Amendments to Australian Accounting Standards arising from the Annual Improvements Project
AASB 2008-7	Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
AASB 2009-2 (IFRS 7)	Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments [AASB 4, AASB 7, AASB 1023 & AASB 1038] (IFRS 4 and IFRS 7)
AASB 2009-4 (IAS Annual Improvements Projects)	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (IFRS 2, IAS 38, IFRIC 9 and IFRIC 16)
AASB 2009-7 (IAS Editorial amendments)	Amendments to Australian Accounting Standards (AASB 5,7,107,112,136 & 139 and Interpretation 17) (IFRS 5,7,IAS 7, 12, 36 and 39, IFRIC 17)
AASB 101 (Revised), AASB 2007-8 and AASB 2007-10	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards
AASB 3 (Revised)	Business Combinations
AASB 127 (Revised)	Consolidated and Separate Financial Statements
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

Note 2 Income and expenses

	Consolidated	
	31 December 2009 $	31 December 2008 $
Net Loss for the period includes:		
Other income		
Gain on sale of investment	60,977	-
Distribution under Deed of Company Arrangement	38,333	-
	99,310	-
Administrative expenses		
Depreciation of plant and equipment	279,865	287,908
Wages, salaries, consultancy and superannuation	411,626	255,140
Directors' fees	167,152	116,680
Movement in leave provisions and other	33,379	17,390
Share based payments	1,590,247	1,790,182
Corporate expenses	173,737	181,627
Other expenses	215,608	350,386
	2,871,614	2,999,313
Tax benefit		
Loss before income tax expense for the reporting period	(2,708,833)	(16,179,255)
Prima facie tax on result at 30% (2008: 30%)	(812,650)	(4,853,776)
Share based payment expense	477,074	537,055
Impairment expense	11,940	454,929
Over provision in prior year	(160,740)	-
Other	(10,742)	67,302
Tax benefit for the reporting period	(495,118)	(3,794,490)
Impairment and other expenses		
Recognition of impairment on available for sale financial assets (note 7)	-	1,108,661
Fair value adjustment to unlisted options (note 8)	39,800	407,767
	39,800	1,516,428

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

Note 3 Contributed equity

	Consolidated	
	31 December 2009 $	30 June 2009 $
(a) Ordinary shares		
Issued and fully paid	194,766,704	193,696,974

(b) Movements in ordinary shares on issue	$	No.
At 1 July 2009	193,696,974	1,123,376,958
Options exercised	1,069,730	2,312,500
At 31 December 2009	194,766,704	1,125,689,458

(c) Options - Movement during the period	No.
On issue at 1 July 2009	56,425,000
Options issued to Directors, employees and consultants	7,025,000
Options exercised	(2,312,500)
Expired during period	(18,912,500)
Forfeited during the period	(265,000)
On issue at 31 December 2009	41,960,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

Note 4 Segment Reporting

AASB 8 (IFRS 8) requires operating segments to be identified on the basis of internal reports that are used by the executive management team in assessing performance and in determining the allocation of resources. The operating segments are identified by management based on country of operation as this is the area that has the most effect on allocation of resources. The Group has two operating segments being Australia and Namibia, and has one business unit, that being uranium exploration.

The following items and associated assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Interest income
- Foreign currency gains and losses
- Fair value gains/losses on available for sale assets
- Fair value gains/losses on held for trading assets

	Australia $	Namibia $	Total $
Year Ended 31 December 2009			
Revenue			
Other income	99,310	-	99,310
Unallocated			
Interest income			924,976
Total revenue			1,024,286
Results			
Pre-tax segment result	(2,418,715)	(1,175,294)	(3,594,009)
Unallocated			
Interest income			924,976
Fair value loss on held for trading assets			(39,800)
Decline in available for sale financial assets			(141,318)
Income tax benefit			495,118
Foreign currency loss			(1,046,738)
Loss after income tax			(3,401,771)
Year Ended 31 December 2009			
Segment Assets			
Segment operating assets	41,167,844	68,321,476	109,489,320
Unallocated assets			
Cash			36,324,617
Receivables			1,707,460
Held for trading financial assets			78,000
Available for sale financial assets			642,667
Total assets			148,242,064

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Australia $	Namibia $	Total $
Year Ended 31 December 2008			
Revenue			
Other income	-	-	-
Unallocated			
Interest income			2,074,197
Total revenue			2,074,197
Results			
Pre-tax segment result	(15,241,866)	(1,495,158)	(16,737,024)
Unallocated			
Interest income			2,074,197
Fair value loss on held for trading assets			(407,767)
Decline in available for sale financial assets			(1,153,359)
Income tax benefit			3,794,490
Foreign currency profit			1,456,301
Loss after income tax			(10,973,162)
Year Ended 30 June 2009			
Segment Assets			
Segment operating assets	37,720,437	63,804,316	101,524,753
Unallocated assets			
Cash			47,415,814
Receivables			1,269,469
Held for trading financial assets			117,800
Available for sale financial assets			822,427
Total assets			151,150,263

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

Note 5 Equity Based Compensation

During the reporting period an expense of $1,590,247 (31 December 2008: $1,790,182) was recognised in respect of options issued to directors, employees and consultants of the Group.

The following options were independently valued using the binomial option valuation methodology.

Date granted	Number of options granted	Exercise price (cents)	Expiry date	Risk free interest rate used	Volatility applied	Option valuation (cents)
1 August 2009	2,625,000	35	30 June 2012	4.36%	90%	20.01
1 August 2009	3,775,000	45	30 June 2012	4.36%	90%	18.20
1 August 2009	625,000	60	30 June 2012	4.36%	90%	15.90
	7,025,000					

Note 6 Deferred Exploration Expenditure

	Consolidated		
	31 December 2009 $	30 June 2009 $	31 December 2008 $
Cost brought forward at the start of the reporting period	98,196,751	93,184,393	96,519,814
Exploration costs on tenements disposed of during reporting period			
30% interest in various Western Australian and Southern Australian tenements to Uranio Limited	-	(291,287)	-
Exploration expenditure incurred during the period at cost	8,831,325	5,912,937	10,301,134
Exploration expenditure written off			
Western Gawler agreement terminated in South Australia	-	-	(13,545,976)
Other tenements exploration expenditure written off	(658,731)	(609,292)	(90,579)
Cost carried forward at the end of the reporting period	106,369,345	98,196,751	93,184,393

Exploration expenditure written off was as a result of tenements which expired, were surrendered, where access was refused or agreements were terminated during the period. The amount written off represents the total accumulated costs to date of expiry, surrender, refusal or termination.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

Note 7 Available for sale financial assets

Available for sale investments consist of investments in ordinary shares and the fair value has been determined directly by reference to published price quotations in an active market.

Note 8 Held for trading financial assets

During the reporting period the Group recognised an expense of $39,800 (Note 2d) in respect of a fair value adjustment to securities in Australian listed companies held as held for trading financial assets.

Note 9 Contingent liabilities and contingent assets

(i) Contingent liabilities

There were no material contingent liabilities as at 31 December 2009.

Native Title and Aboriginal Heritage

Native title claims have been made with respect to areas which include tenements in which the Group has an interest. The Group is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the Group or its projects. Agreement is being or has been reached with various native title claimants in relation to Aboriginal Heritage issues regarding certain areas in which the Group has an interest.

(ii) Contingent assets

There were no material contingent assets not recognised for in the financial statements of the Group as at 31 December 2009.

Note 10 Events after balance sheet date

No event or circumstance has arisen since 31 December 2009 that would require disclosure in the financial report.

DIRECTORS' DECLARATION

The directors of the Group declare that:

1. The financial statements and notes, as set out on pages 5 to 16:

   a. give a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year then ended; and

   b. comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and

2. In the directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors.

On behalf of the Board of Directors.

Mervyn Greene
Chairman
Dated this day 9 March 2010

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To the members of Deep Yellow Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Deep Yellow Limited, which comprises the balance sheet as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* . As the auditor of Deep Yellow Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of Deep Yellow Limited is not in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year period ended on that date; and

ii. complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Ernst & Young

R A Kirkby
Partner
Perth
9 March 2010