Deep Yellow Limited

(ACN 006 391 948)

HALF YEAR REPORT - 31 DECEMBER 2014

Contents

Board of Directors

Mr Tim Netscher	Chairman (Non-executive)
Mr Greg Cochran	Managing Director
Mr Rudolf Brunovs	Non-executive Director
Mr Mervyn Greene	Non-executive Director
Ms Gillian Swaby	Non-executive Director
Mr Christophe Urtel	Non-executive Director

Company Secretary

Mr Mark Pitts

Stock Exchange Listings

Australian Securities Exchange (ASX)

Namibian Stock Exchange (NSX)

Website Address

www.deepyellow.com.au

ASX and NSX Code

DYL

Australian Business Number

97 006 391 948

Registered Office

Level 4

502 Hay Street

Subiaco Western Australia 6008

Telephone: + 61 8 9286 6999

Facsimile: + 61 8 9286 6969

Postal Address

PO Box 1770

Subiaco Western Australia 6904

Auditor

Ernst & Young

11 Mounts Bay Road

Perth Western Australia 6000

Share Registry

Computershare Investor Services Pty Limited

Level 2, Reserve Bank Building

45 St George's Terrace

Perth Western Australia 6000

Telephone: 1300 557 010

Facsimile: +61 8 9323 2033

The Directors of Deep Yellow Limited submit their report for the half-year ended 31 December 2014.

Directors

The names of the Company's directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Tim Netscher	Chairman (Non-Executive)
Greg Cochran	Managing Director
Rudolf Brunovs	Non-Executive Director
Mervyn Greene	Non-Executive Director
Gillian Swaby	Non-Executive Director
Christophe Urtel	Non-Executive Director

Review of Operations

During the reporting period activity was focussed almost exclusively on the Company's assets in Namibia with some of the following highlights:

Omahola Project

- Following up on encouraging results from internal studies, Perth based mining consultants Orelogy were engaged to conduct more detailed pit optimisation and mine scheduling exercises;
- DRA International are providing input into estimated capital and operating costs for the studies;
- The objective of this work is to assess the preliminary economics of the Project assuming a smaller scale acid heap leach development; and
- The work was nearing completion at the end of the half year.

Tubas Sand Project

- As a result of the conclusion of the DRA techno-economic trade-off study potential off-takers were approached in Namibia;
- Despite positive engagement an off-take arrangement has not been concluded; and
- A detailed infill and expansion drill program was designed but did not proceed due to the lack of a committed off-taker.

Palaeochannel Project

- Mineral characterisation of multiple palaeochannel samples by Marenica Energy Limited ("MEY") indicated that MEY's U-pgrade™ process might be suitable to upgrade mined material from DYL's palaeochannel resources;
- A full testwork program would be required to demonstrate the feasibility of this process which is currently being considered;
- Prior to committing to a comprehensive testwork program greater confidence in the potential of the palaeochannel resource base is required. Reassessment commenced with internal modelling and a small closely spaced drill program which was completed prior to the Christmas break; and
- Once all results have been received and evaluated it is expected that DYL would be able to make a more reliable exploration target estimate for the larger palaeochannels area and (assuming success) proceed with a more extensive drill program.

Greenfield exploration

- Mapping continued on selected exploration targets identified in the target generation and prospectivity analysis study completed in 2013;
- Detailed mapping exercises were conducted and detailed ground radiometric surveys were carried out, specifically on the MS7 deposit and two high priority targets (ABU-001 and ABU-002);
- A 5 hole reconnaissance drill program was conducted on the ABU-001 target, however no significant mineralisation was intersected; and
- Further work is planned which is likely to include further mapping and ground radiometric studies as well as the potential use of Inverse Polarisation methods.

Results of operations

Exploration expenditure for the half-year was $797,273 (December 2013: $1,521,731).

Consolidated loss from continuing operations after income tax for the half-year was $496,192 (December 2013: $3,300,350). Included in the total expenses of $1,127,768 (December 2013: $3,348,919) for the period is exploration costs written off to the amount of $159,469 (December 2013: $2,158,681).

Issued share capital increased by $4,642,627 during the period. The increase mostly relates to the completion of an Entitlement Issue, the issue of shares to employees in relation to the vesting of Performance Share Rights and the issue of shares in lieu of director fees and salaries.

Auditor's Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 5 and forms part of this Directors' Report for the half year ended 31 December 2014.

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

Greg Cochran
Managing Director
Dated this day 11 March 2015

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

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 2014, 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

G H Meyerowitz
Partner
11 March 2015

	Notes	Consolidated 31 December 2014 $	31 December 2013 $
Interest revenue		59,889	48,457
Other income	2	571,932	527
Revenue and other income		631,821	48,984
Depreciation and amortisation expenses	2	(16,268)	(21,715)
Marketing expenses		(10,189)	(17,548)
Occupancy expenses		(45,146)	(100,678)
Administrative expenses		(550,348)	(654,954)
Employee expenses	2	(346,348)	(402,111)
Impairment on available for sale financial assets		-	(6,008)
Gain on derecognition of available-for-sale financial asset		-	12,776
Exploration costs written off	6	(159,469)	(2,158,681)
Loss before income tax		(495,947))	(3,299,935)
Income tax benefit/(expense)	2	(245)	(415)
Loss for the period		(496,192)	(3,300,350)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation profit/(loss)		1,836,065	(418,692)
Net fair value gains on available-for-sale financial assets		-	1,600
Other comprehensive profit/(loss) for the period		1,836,065	(417,092)
Total comprehensive profit/(loss) for the period		1,339,873	(3,717,442)
		Cents	Cents
Earnings per share:			
Basic, loss for the period attributable to ordinary equity holders of the parent		(0.03)	(0.21)
Diluted, loss for the period attributable to ordinary equity holders of the parent		(0.03)	(0.21)

The accompanying notes form part of these financial statements

	Notes	Consolidated 31 December 2014 $	30 June 2014 $
Assets			
Current Assets			
Cash and cash equivalents	4	4,978,359	1,235,654
Trade and other receivables	11	100,895	88,510
Other financial assets		128,851	129,894
Total Current Assets		5,208,105	1,454,058
Non-Current Assets			
Property, plant and equipment	5	511,441	777,214
Deferred exploration expenditure	6	72,230,012	69,830,701
Total Non-Current Assets		72,741,453	70,607,915
Total Assets		77,949,558	72,061,973
Liabilities			
Current Liabilities			
Trade and other payables	11	294,278	286,538
Total Current Liabilities		294,278	286,538
Total Liabilities		294,278	286,538
Net Assets		77,655,280	71,775,435
Equity			
Issued capital	7	221,458,630	216,816,003
Accumulated losses		(139,651,984)	(139,155,792)
Employee equity benefits reserve		10,549,673	10,652,328
Foreign currency translation reserve		(14,701,039)	(16,537,104)
Total Equity		77,655,280	71,775,435

The accompanying notes form part of these financial statements

	Issued capital	Accumulated losses	Employee equity benefits reserve	Asset fair value adjustment reserve	Foreign currency translation reserve	Total Equity
	$	$	$	$	$	$
At 1 July 2014	216,816,003	(139,155,792)	10,652,329	-	(16,537,104)	71,775,436
Loss for the period	-	(496,192)	-	-	-	(496,192)
Other comprehensive income/(loss)	-	-	-	-	1,836,065	1,836,065
Total comprehensive (loss)/income for the period	-	(496,192)	-	-	1,836,065	1,339,873
Transactions with owners in their capacity as owners:						
Share issues	4,563,616	-	-	-	-	4,563,616
Share issue costs	(254,134)	-	-	-	-	(254,134)
Vesting of performance rights	221,908	-	(221,908)	-	-	-
Performance rights expensed	-	-	124,859	-	-	124,859
Share based payments	111,237	-	(5,607)	-	-	105,630
At 31 December 2014	221,458,630	(139,651,984)	10,549,673	-	(14,701,039)	77,655,280

	Issued capital	Accumulated losses	Employee equity benefits reserve	Asset fair value adjustment reserve	Foreign currency translation reserve	Total Equity
	$	$	$	$	$	$
At 1 July 2013	215,551,617	(119,714,112)	10,321,638	70,400	(13,147,500)	93,082,043
Loss for the period	-	(3,300,350)	-	-	-	(3,300,350)
Other comprehensive income/(loss)	-	-	-	1,600	(418,692)	(417,092)
Total comprehensive (loss)/income for the period	-	(3,300,350)	-	1,600	(418,692)	(3,717,442)
Transactions with owners in their capacity as owners:						
Share issues	965,900	-	-	-	-	965,900
Share issue costs	(63,732)	-	-	-	-	(63,732)
Vesting of performance rights	269,498	-	(269,498)	-	-	-
Share based payments	-	-	178,022	-	-	178,022
At 31 December 2013	216,723,283	(123,014,462)	10,230,162	72,000	(13,566,192)	90,444,791

The accompanying notes form part of these financial statements

	Notes	Consolidated 31 December 2014 $	31 December 2013 $
Cash flows from operating activities			
Payments to suppliers and employees		(653,682)	(1,138,214)
Interest received		50,148	58,098
Research and development tax incentive		421,852	-
Tax paid in foreign jurisdiction		(245)	-
Net cash flows used in operating activities		(181,927)	(1,080,116)
Cash flows from investing activities			
Payments for property, plant and equipment		(1,562)	(9,708)
Proceeds on disposal of property, plant and equipment		443,341	19,558
Payments for exploration expenditure		(866,789)	(1,536,133)
Proceeds from sale of investment		-	169,147
Proceeds on disposal of security deposits		6,209	2,501
Net cash flows used in investing activities		(418,801)	(1,354,635)
Cash flows from financing activities			
Proceeds from issue of shares		4,563,616	965,900
Capital Raising Costs		(254,111)	(59,732)
Net cash flows from financing activities		4,309,505	906,168
Net increase/(decrease) in cash held		3,708,777	(1,528,583)
Net foreign exchange difference		33,928	210,599
Cash and cash equivalents at the beginning of the period		1,235,654	3,990,597
Cash and cash equivalents at the end of the period	4	4,978,359	2,672,613

The accompanying notes form part of these financial statements

Note 1 Summary of significant accounting policies

Corporate information

The consolidated financial statements of Deep Yellow Limited and its subsidiaries (the Group) for the half year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on 9 March 2015, subject to minor changes. Deep Yellow Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded. The principle activities of the Company and its subsidiaries (the Group) are:

- Uranium mineral exploration and pre-development activities in Namibia and Australia; and
- Activities associated with the intended divestment of its iron ore project in Namibia.

Basis of preparation

This general purpose condensed consolidated financial report for the half year ended 31 December 2014 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 2014 and considered together with any public announcements made by Deep Yellow Limited during the half year ended 31 December 2014 in accordance with the continuous disclosure obligations of the ASX listing rules.

Changes in accounting policies, accounting standards and interpretations

The accounting policies adopted in the preparation of the half-year condensed consolidated financial report are consistent with those of the previous year.

Accounting for research and development incentive

During the half year ended 31 December 2014, the Group elected to recognise the excess of the research and development tax incentive over the statutory rate ('the R&D offset') being an additional 15% deduction as a government grant under AASB 120 Accounting for Government Grants and Disclosure of Government Assistance. As the grant relates to R&D expenditure already incurred it is recognised in the income statement in the period it became receivable. In prior years, the whole R&D offset was recognised as a reduction to the income tax expense. The change results in the R&D offset being separately disclosed and simplifies the presentation of the financial statements. The change in policy was applied retrospectively in accordance with Australian Accounting standards, there was no impact on the comparative numbers in the Income Statement relating to the half year ended 31 December 2013.

New standards, interpretations and amendments thereof, adopted by the Group

The accounting policies adopted in the preparation of the interim consolidated financial report are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2014, except for the adoption of new standards and interpretations as of 1 July 2014, which included:

Reference	Title
AASB 2012-3	Amendments to Australian Accounting Standards - *Offsetting Financial Assets and Financial Liabilities* AASB 2012-3 adds application guidance to AASB 132 *Financial Instruments: Presentation* to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.
AASB 2013-3	Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets AASB 2013-3 amends the disclosure requirements in AASB 136 *Impairment of Assets*. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.

AASB 2013-9	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments The Standard contains three main parts and makes amendments to a number Standards and Interpretations. Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards.
AASB 2014-1 Part A -Annual Improvements 2010–2012 Cycle	Amendments to Australian Accounting Standards - Part A AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) *Annual Improvements to IFRSs 2010–2012 Cycle* and *Annual Improvements to IFRSs 2011–2013 Cycle.* Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items: AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'.
Part A -Annual Improvements 2011–2013 Cycle	Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2011–2013 Cycle addresses the following items: AASB13 - Clarifies that the portfolio exception in paragraph 52 of AASB 13 applies to all contracts within the scope of AASB 139 or AASB 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132.

The adoption of the above new standards and interpretations have not had a material impact on the financial position or performance of the Group.

Deep Yellow Limited has elected not to adopt any new standards or amendments that have been issued but are not yet effective.

Note 2 Income and expenses

	Consolidated	
	31 December 2014 $	31 December 2013 $
Loss for the period includes:		
Other income		
Gain on sale of fixed assets	149,616	527
Rental income	464	-
Research and development tax incentive	421,852	-
	571,932	527
Depreciation expense		
Office equipment	3,563	7,773
Site equipment	118	679
Buildings	12,587	13,263
	16,268	21,715
Employee expenses		
Wages, salaries and fees	252,029	297,419
Superannuation	9,179	30,408
Share based payments	85,140	74,284
	346,348	402,111
Income Tax		
Numerical reconciliation between aggregate tax expense recognised in the statement of comprehensive income and tax expense calculated per the statutory income tax rate		
Loss before income tax	(495,947)	(3,299,935)
Prima facie tax on result at 30% (2014: 30%)	(148,784)	(989,981)
Effect of tax rates in foreign jurisdictions	69,540	671,065
Non-deductible share based payment expense	44,804	53,406
Impairment on available for sale financial assets	-	1,802
Derecognition of available-for-sale financial asset	-	(3,833)
Under provision in prior year	(245)	(415)
Carry forward tax losses not brought to account	153,863	260,612
Non-assessable income: Research and development incentive	(126,556)	-
Other	7,133	6,929
Tax expense for the reporting period	(245)	(415)

Note 3 Operating segment information

The following tables present revenue and profit information about the Group's operating segments for the half year ended 31 December 2014 and 2013, respectively.

Adjustments and eliminations
The following items and associated assets are not allocated to individual segments as the underlying instruments are managed on an overall group basis:

- Interest income and Finance costs
- Fair value gains/(losses) on held for trading financial assets
- Foreign currency gains and losses
- Cash
- Receivables
- Available for sale assets
- Held for trading assets

	Australia $	Namibia $	Total $
Half Year Ended 31 December 2014			
Revenue			
Other income	79,209	70,871	150,080
Unallocated			
Interest income			59,889
Research and development tax incentive			421,852
Total revenue			631,821
Results			
Pre-tax segment profit and loss	(761,936)	(215,752)	(977,688)
Unallocated			
Interest income			59,889
Research and development tax incentive			421,852
Income tax expense			(245)
Loss from continuing operations after income tax			(496,192)

	Australia $	Namibia $	Total $
Half Year Ended 31 December 2014			
Segment Assets			
Segment operating assets	128,877	72,741,427	72,870,304
Unallocated assets			
Cash			4,978,359
Receivables			100,895
Total assets			77,949,558

	Australia $	Namibia $	Total $
Half Year Ended 31 December 2013			
Revenue			
Other income	-	527	527
Unallocated			
Interest income			48,457
Total revenue			48,984
Results			
Pre-tax segment profit and loss	(1,138,116)	(2,217,044)	(3,355,160)
Unallocated			
Interest income			48,457
Impairment on available for sale financial assets			(6,008)
Derecognition of available for sale financial assets			12,776
Income tax expense			(415)
Loss from continuing operations after income tax			(3,300,350)

	Australia $	Namibia $	Total $
Year Ended 30 June 2014			
Segment Assets			
Segment operating assets	117,013	70,620,796	70,737,809
Unallocated assets			
Cash			1,235,654
Receivables			88,510
Total assets			72,061,973

Note 4 Current assets – cash and cash equivalents

	Consolidated		
	31 December 2014 $	30 June 2014 $	31 December 2013 $
Cash at bank and in hand	1,978,359	735,654	1,672,613
Short term deposits	3,000,000	500,000	1,000,000
Cash at bank and in hand	4,978,359	1,235,654	2,672,613

Note 5 Property, Plant and equipment

Assets with a net book value of $287,844 were disposed by the Group during the six months ended 31 December 2014 (year ended 30 June 2014: $25,721), resulting in a net gain on disposal of $149,616 (year ended 30 June 2014: $3,664).

Note 6 Deferred exploration expenditure

	Consolidated		
	31 December 2014 $	30 June 2014 $	31 December 2013 $
Cost brought forward at the start of the reporting period	69,830,701	86,672,226	87,934,508
Exploration expenditure incurred during the period at cost	797,273	1,031,611	1,521,731
Exchange adjustment	1,761,507	(2,768,322)	(625,332)
Exploration expenditure written off	(159,469)	(15,104,814)	(2,158,681)
Cost carried forward at the end of the reporting period	72,230,012	69,830,701	86,672,226

The Group has restricted its Exploration expenditure in Australia and allowed the majority of its tenements lapse. It has not budgeted or planned significant expenditure for the future given its intention to divest its remaining Australian assets.
Exploration expenditure written off relates to assets for which the expenditure are not expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale.

Note 7 Contributed equity

	Consolidated	
	31 December 2014 $	30 June 2014 $
(a) Share capital		
Issued and fully paid	221,458,630	216,816,003

(b) Share movements during the year	$	No.
At 1 July 2014	216,816,003	1,617,041,367
Vested performance rights	221,908	6,957,080
Share based payments in lieu of directors fees and salaries	111,237	6,915,068
Entitlement issue	4,563,616	268,447,780
Share issue costs	(254,134)	-
At 31 December 2014	221,458,630	1,899,361,295

(c) Performance rights - Movement during the period	No.
On issue at 1 July 2014	24,983,100
Granted during the period	21,300,000
Vested during period	(6,957,080)
Lapsed during period	(2,200,000)
On issue at 31 December 2014	37,126,020

(c) Share rights - Movement during the period	No.
On issue at 1 July 2014	1,583,941
Allocated during the period	7,080,274
Shares issued during period	(6,915,068)
On issue at 31 December 2014	1,749,147

Note 8 Share based payment

(a) Performance rights

On 10 November 2014 21,300,000 performance rights were granted to employees under the Deep Yellow Limited Awards Plan (Awards Plan). Performance rights were granted under the Awards Plan for no consideration. The rights vest if certain time and market price measures are met in the measurement period. If these time and market price measures are not met, the rights lapse. The fair value of the rights granted is estimated at the date of acceptance using a hybrid employee share option pricing model that simulates the share price of Deep Yellow Ltd as at the test date using a Monte-Carlo model. The contractual life of each granted right is seven years with a performance period of 3 years. There is no cash settlement for the rights. The fair value of rights granted during the six months ended 31 December 2014 was estimated on the date of acceptance using the following assumptions:

Dividend yield (%)	-
Expected volatility (%)	95.00
Risk-free interest rate (%)	2.79
Expected life (years)	7.00
Underlying Security spot price ($)	0.018

The weighted average fair value of the performance rights granted during the six month period was 1.45 cents (year ended 30 June 2014: 2.33 cents) For the six months ended 31 December 2014, the Group has recognised $85,140 of performance rights transactions expense in the consolidated statement of comprehensive income (30 June 2014:$74,284).

(b) Share rights

Share rights are allocated on a progressive monthly basis to directors in lieu of fees and salaries in a continued effort to conserve cash reserves. Shares in relation to the share rights are issued within 10 business days of the end of each month with the number of shares to be issued calculated based on the 5-Day VWAP for the relevant month. The 5-Day VWAP is the volume weighted average share price for the 5 days on which Shares traded up to but excluding the 20th of the relevant month. The fair value of the outstanding share rights on 31 December 2014 has been estimated based on the share price at the date shareholder approval was obtained, being 6 November 2014.

Note 9 Contingent liabilities and contingent assets

(i) Contingent liabilities

There were no material contingent liabilities as at 31 December 2014 other than:

Native Title and Aboriginal Heritage
Native title claims have been made with respect to areas within Australia 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 asset

There were no material contingent assets as at 31 December 2014.

Note 10 Events after the reporting date

No event or circumstance has arisen since 31 December 2014 that would require disclosure in the financial report.

Note 11 Financial Instruments

Fair values

Set out below is a comparison of the carrying amounts and fair values of financial instruments as at 31 December 2014 and 30 June 2014:

Consolidated	December 2014		June 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$
Cash and cash equivalents	4,978,359	4,978,359	1,235,654	1,235,654
Trade and other receivables	100,895	100,895	88,510	88,510
Trade and other payables	(294,278)	(294,278)	(286,538)	(286,538)
	4,784,976	4,784,976	1,037,626	1,037,626

Determination of fair values

The determination of fair values for the above financial assets and liabilities have been performed on the following basis:

Cash and cash equivalents, trade and other receivables and trade and other payables approximate their carrying amounts largely due to the short term maturities of these instruments.

In accordance with a resolution of the Directors of Deep Yellow Limited ('the Company'), I state that:

In the opinion of the directors:

1. The financial statements and notes of the consolidated entity for the half year ended 31 December 2014 are in accordance with the *Corporations Act 2001*, including:

   a. giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half year ended on that date; and

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

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board of Directors.

Greg Cochran
Managing Director
Dated this day 11 March 2015

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

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 interim consolidated statement of financial position as at 31 December 2014, the interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, 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 of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a Financial Report Performed by the Independent Auditor of the Entity* ("ASRE 2410"), 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 half-year 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 2014 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:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

G H Meyerowitz
Partner
Perth
11 March 2015