Deep Yellow Limited

10 March 2017

ASX Market Announcements
Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

31 December 2016 Half Year Financial Report

Attached please find Half Year Financial Report for the six months ended 31 December 2016.

Yours faithfully

JOHN BORSHOFF
Managing Director/CEO
Deep Yellow Limited

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Deep Yellow Limited

(ACN 006 391 948)

HALF YEAR REPORT - 31 DECEMBER 2016

Contents

Board of Directors

Rudolf Brunovs	Chairman (Non-executive)
John Borshoff	Managing Director
Mervyn Greene	Non-executive Director
Justin Reid	Non-executive Director
Gillian Swaby	Executive Director
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

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100 Railway Road

Subiaco Western Australia 6008

Telephone: + 61 8 9286 6999

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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 ("Company") submit their report for the half-year ended 31 December 2016.

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.

Rudolf Brunovs	Chairman (Non-Executive)
John Borshoff	Managing Director (Appointed 23 October 2016)
Mervyn Greene	Non-Executive Director
Justin Reid	Non-Executive Director (Appointed 28 October 2016)
Gillian Swaby	Executive Director
Christophe Urtel	Non-Executive Director
Greg Cochran	Managing Director (Ceased 23 October 2016)

Review and results of operations

On 23 October the Company appointed John Borshoff as Managing Director and established a strategic relationship with Exploration Capital Partners an affiliate of the North American Sprott Group ("Sprott"). Concurrently, Sprott made an initial investment via a placement to recapitalise the Company and support its future growth strategy, anchored by its flagship Namibian assets. Justin Reid was appointed to the Board as Sprott's nominee.

Subsequently, a detailed review of the Company was undertaken resulting in the development of a strategic growth plan that was adopted by the Board post the end of the half-year. The first step in the plan required a consolidation of the share capital of the Company. On 28 February 2017 shareholders passed an ordinary resolution to consolidate its issued capital on the basis that every twenty fully paid ordinary shares (Shares) and Performance Share Rights (Rights) be consolidated into one Share and Right respectively.

Namibian assets

Reptile (EPLs 3496, 3497)

- A Mineral Resource Estimate of the Tumas Deposit conforming to the JORC (2012) Code has been completed with a 12% increase in metal content at the previous average grade and cut-off. The Mineral Resource Estimate announced during October 2016 totals 16.6Mt at 366 pm U_3O_8 for 13.3Mlb of U_3O_8 at a cut-off of 200 ppm U_3O_8.
- A detailed data review and evaluation is underway to identify the possibility for a further resource increase by data reinterpretation and mapping. This will be followed by grade confirmation drilling to commence March 2017 for ore resource re-estimation and identifying new calcrete uranium resources within the paleo-channel system.
- A Technology Licence Agreement was entered into with Marenica Energy Ltd ("Marenica") in relation to the use of Marenica's U-pgrade™ process. Following a full operational review to establish the optimal way forward for the Company, the active engagement with Marenica has ceased indefinitely, to accommodate the new priorities that have been identified through the strategic growth plan developed for the Company.

Tumas JORC 2012 Mineral Resource Estimate

Category	Cut-off (ppm U_3O_8)	Tonnes (M)	eU_3O_8 (ppm)	U_3O_8 (t)	U_3O_8 (Mlb)
Measured	200	9.7	386	3,700	8.2
Indicated	200	6.5	336	2,200	4.8
Inferred	200	0.4	351	150	0.3
Total	200	16.6	366	6,050	13.3

Nova JV (EPLs 3669, 3670)

- Satellite imagery with 1.5m spatial resolution covering the total JV area has been acquired to prepare an initial geological photointerpretation of both tenements. Initial results of the interpretation indicate that field checking in 2017 could lead to substantial changes in geological understanding with the expectation that targets could be delineated for follow-up drilling.
- On 19 January 2017, the Minister of Mines and Energy ("MME") issued notices of preparedness to grant renewal of EPLs 3669 and 3670. Application for renewal was made in August 2015 and renewal extensions have now been granted by the MME to 20 November 2019.

Exploration Results and Mineral Resource Estimate

The information in this report that relates to exploration results or planning is based on information compiled by Mr. Martin Hirsch, M.Sc .Geology, is a member of the Institute of Materials, Minerals and Mining (UK) and the South African Council for Natural Science Professionals. Mr. Hirsch is the Exploration Manager for Reptile Uranium Namibia (Pty) Ltd and has 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 in terms of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code 2012 Edition). Mr. Hirsch consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Where the Company refers to the Tumas Project Mineral Resource Estimate in this report (referencing the release made to the ASX on 25 October 2016 entitled "Tumas Project Mineral Resource Estimate"), 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.

Australian assets

- The Company relinquished ownership of its Napperby Project (EL24246) located in the Northern Territory during October 2016.
- The Company retains its right for 100% of any uranium identified in certain tenements located in the Northern Territory through agreement with ABM Resources NL.

Results of operations

Exploration expenditure for the half-year was $619,119 (December 2015: $433,469).

Consolidated loss from continuing operations after income tax for the half-year was $1,342,928 (December 2015: $881,331). Included in the total expenses of $1,417,694 (December 2015: $984,810) for the period is exploration costs written off to the amount of $15,379 (December 2015: $88,888).

Fund raising

The Company has successfully raised $752,600 (before costs) through a Share Purchase Plan that closed on 1 July 2016 with subscriptions for 188,150,000 ordinary shares at 0.4 cents per share.

On 28 October 2016 an affiliate of Sprott made an initial investment via placement and subscribed for 321,648,376 fully paid ordinary shares in the issued capital of the Company at 0.44 cents per share for gross proceeds of A$1,415,253.

Issued share capital increased by $2,396,031 during the period. The increase relates to the above fund raisings after costs, issue of shares to employees in relation to the vesting of Performance Share Rights and issue of shares in lieu of director fees.

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 2016.

Signed in accordance with a resolution of the Board of Directors.

John Borshoff
Managing Director
Dated this day 10 March 2017

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

As lead auditor for the review of Deep Yellow Limited for the half-year ended 31 December 2016, I declare to the best of my knowledge and belief, there have been:

a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b. no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Deep Yellow Limited and the entities it controlled during the financial year.

Ernst & Young

G H Meyerowitz
Partner
10 March 2017

GHM:JT:DYL:006

Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Half Year Ended 31 December 2016

	Notes	Consolidated 31 December 2016 $	Consolidated 31 December 2015 $
Interest revenue		24,369	51,326
Other income	3	50,755	52,525
Revenue and other income		75,124	103,851
Depreciation and amortisation expenses	3	(17,227)	(16,506)
Marketing expenses		(12,554)	(5,227)
Occupancy expenses		(30,355)	(49,222)
Administrative expenses		(647,888)	(469,696)
Employee expenses	3	(694,291)	(355,271)
Exploration costs written off	7	(15,379)	(88,888)
Loss before income tax		(1,342,570)	(880,959)
Income tax expense	3	(358)	(372)
Loss for the period after income tax		(1,342,928)	(881,331)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation profit/(loss)		3,922,440	(6,233,215)
Other comprehensive profit/(loss) for the period, net of tax		3,922,440	(6,233,215)
Total comprehensive profit/(loss) for the period, net of tax		2,579,512	(7,114,546)
		Cents	Cents
Earnings per share for loss attributable to the ordinary equity holders of the Company			
Basic loss per share	14	(1.19)	(0.92)
Diluted loss per share	14	(1.19)	(0.92)

The accompanying notes form part of these financial statements

Interim Consolidated Statement of Financial Position
As at 31 December 2016

	Notes	Consolidated 31 December 2016 $	30 June 2016 $
Assets			
Current Assets			
Cash and cash equivalents	5	2,401,526	1,579,488
Trade and other receivables		151,239	71,619
Other assets		81,719	98,897
Total Current Assets		2,634,484	1,750,004
Non-Current Assets			
Property, plant and equipment	6	492,623	442,607
Deferred exploration expenditure	7	53,390,163	49,039,393
Total Non-Current Assets		53,882,786	49,482,000
Total Assets		56,517,270	51,232,004
Liabilities			
Current Liabilities			
Trade and other payables		512,370	289,148
Total Current Liabilities		512,370	289,148
Total Liabilities		512,370	289,148
Net Assets		56,004,900	50,942,856
Equity			
Issued capital	8	224,451,472	222,055,441
Accumulated losses		(163,069,073)	(161,726,145)
Employee equity benefits reserve		10,529,350	10,442,849
Foreign currency translation reserve		(15,906,849)	(19,829,289)
Total Equity		56,004,900	50,942,856

The accompanying notes form part of these financial statements

Interim Consolidated Statement of Changes in Equity
For the Half Year Ended 31 December 2016

	Issued capital $	Accumulated losses $	Employee equity benefits reserve $	Foreign currency translation reserve $	Total Equity $
At 1 July 2016	222,055,441	(161,726,145)	10,442,849	(19,829,289)	50,942,856
Loss for the period	-	(1,342,928)	-	-	(1,342,928)
Other comprehensive income	-	-	-	3,922,440	3,922,440
Total comprehensive (loss)/income for the period	-	(1,342,928)	-	3,922,440	2,579,512
Transactions with owners in their capacity as owners:					
Issue of share capital	2,167,853	-	-	-	2,167,853
Capital raising costs	(83,743)	-	-	-	(83,743)
Vesting of performance rights	192,530	-	(192,530)	-	-
Performance rights expensed	-	-	279,031	-	279,031
Share based payments	119,391	-	-	-	119,391
At 31 December 2016	224,451,472	(163,069,073)	10,529,350	(15,906,849)	56,004,900

	Issued capital $	Accumulated losses $	Employee equity benefits reserve $	Foreign currency translation reserve $	Total Equity $
At 1 July 2015	221,601,827	(159,969,549)	10,404,702	(14,436,491)	57,600,489
Loss for the period	-	(881,331)	-	-	(881,331)
Other comprehensive loss	-	-	-	(6,233,215)	(6,233,215)
Total comprehensive loss for the period	-	(881,331)	-	(6,233,215)	(7,114,546)
Transactions with owners in their capacity as owners:					
Vesting of performance rights	149,105	-	(149,105)	-	-
Performance rights expensed	-	-	56,342	-	56,342
Share based payments	177,151	-	(33,433)	-	143,718
At 31 December 2015	221,928,083	(160,850,880)	10,278,506	(20,669,706)	50,686,003

The accompanying notes form part of these financial statements

	Notes	Consolidated 31 December 2016 $	Consolidated 31 December 2015 $
Cash flows from operating activities			
Payments to suppliers and employees		(773,666)	(620,995)
Interest received		17,375	49,176
Research and development tax incentive		44,730	50,323
Other receipts		6,025	-
Tax paid in foreign jurisdiction		(358)	(372)
Net cash flows used in operating activities		(705,894)	(521,868)
Cash flows from investing activities			
Payments for property, plant and equipment		(18,915)	(9,341)
Payments for exploration expenditure		(693,808)	(581,427)
Proceeds on disposal of security deposits		40,532	2,500
Net cash flows used in investing activities		(672,191)	(588,268)
Cash flows from financing activities			
Proceeds from issue of shares		2,167,852	-
Capital raising costs		(83,743)	-
Net cash flows from financing activities		2,084,109	-
Net increase/(decrease) in cash held		706,024	(1,110,136)
Net foreign exchange difference		116,014	(45,331)
Cash and cash equivalents at the beginning of the period		1,579,488	3,926,631
Cash and cash equivalents at the end of the period	5	2,401,526	2,771,164

The accompanying notes form part of these financial statements

Note 1 Corporate information

The interim condensed consolidated financial statements of Deep Yellow Limited and its subsidiaries (collectively, the Group) for the half year ended 31 December 2016 were authorised for issue in accordance with a resolution of the Directors on 8 March 2017, subject to minor changes.

Deep Yellow Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded. The Group's principal activities are uranium mineral exploration and pre-development activities in Namibia.

Note 2 Basis of preparation and changes to the Group's accounting policies

Basis of preparation

The interim condensed consolidated financial statements for the half year ended 31 December 2016 have been prepared in accordance with IAS 34 *Interim Financial Reporting* and the *Corporations Act 2001.*

The interim condensed consolidated financial statements do not include all the information and disclosures normally included within the annual financial statements 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 annual financial statements.

It is recommended that the interim condensed consolidated financial statements be read in conjunction with the Group's annual financial statements for the year ended 30 June 2016 and considered together with any public announcements made by Deep Yellow Limited during the half year ended 31 December 2016 in accordance with the continuous disclosure obligations of the ASX listing rules.

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2016.

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

Note 3 Income and expenses

	Consolidated	
	31 December 2016 $	31 December 2015 $
Loss for the period includes:		
Other income		
Rental and sundry income	6,025	2,202
Research and development tax incentive	44,730	50,323
	50,755	52,525
Depreciation expense		
Office equipment	5,392	4,574
Buildings	11,835	11,932
	17,227	16,506
Employee expenses		
Wages, salaries and fees	401,548	212,491
Superannuation	29,721	9,160
Share based payments	263,022	133,620
	694,291	355,271

Income Tax

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings.

Numerical reconciliation between aggregate tax expense recognised in the statement of profit and loss and other comprehensive income and tax expense calculated per the statutory income tax rate		
Loss before income tax	(1,342,570)	(880,959)
Prima facie tax on result at 30% (2015: 30%)	(402,771)	(264,288)
Effect of tax rates in foreign jurisdictions	53,923	67,034
Non-deductible share based payment expense	78,907	60,018
Under provision in prior year	(358)	(372)
Carry forward tax losses not brought to account	265,767	143,867
Non-assessable income: Research and development incentive	(13,419)	(15,097)
Other	17,593	8,466
Income tax expense recognised in statement of profit and loss and other comprehensive income	(358)	(372)

Note 4 Operating segment information

The following tables present revenue and profit information for the Group's operating segments for the half years ended 31 December 2016 and 2015, respectively.

	Australia $	Namibia $	Total $
Half Year Ended 31 December 2016			
Revenue			
Other income	6,000	25	6,025
Unallocated			
Interest income			24,369
Research and development tax incentive			44,730
Total revenue			75,124
Results			
Pre-tax segment profit and loss	(1,268,355)	(143,314)	(1,411,669)
Unallocated			
Interest income			24,369
Research and development tax incentive			44,730
Income tax expense			(358)
Loss from continuing operations after income tax			(1,342,928)

	Australia $	Namibia $	Total $
Half Year Ended 31 December 2015			
Revenue			
Other income	-	2,202	2,202
Unallocated			
Interest income			51,326
Research and development tax incentive			50,323
Total revenue			103,851
Results			
Pre-tax segment profit and loss	(764,770)	(217,838)	(982,608)
Unallocated			
Interest income			51,326
Research and development tax incentive			50,323
Income tax expense			(372)
Loss from continuing operations after income tax			(881,331)

Note 4 Operating segment information (cont.)

The following tables present assets information for the Group's operating segments as at 31 December 2016 and 30 June 2016, respectively.

	Australia $	Namibia $	Total $
Half Year Ended 31 December 2016			
Segment Assets			
Segment operating assets	62,923	53,901,583	53,964,505
Unallocated assets			
Cash			2,401,526
Receivables			151,239
Total assets			56,517,270

	Australia $	Namibia $	Total $
Year Ended 30 June 2016			
Segment Assets			
Segment operating assets	103,078	49,477,819	49,580,897
Unallocated assets			
Cash			1,579,488
Receivables			71,619
Total assets			51,232,004

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
- Taxes
- Cash
- Receivables
- Liabilities are not allocated to the segments as they are not monitored by the executive management team on a segment by segment basis

Note 5 Current assets – cash and cash equivalents

	Consolidated		
	31 December 2016 $	30 June 2016 $	31 December 2015 $
Cash at bank and in hand	1,401,526	829,488	2,271,164
Short term deposits	1,000,000	750,000	500,000
Total cash and cash equivalents	2,401,526	1,579,488	2,771,164

Note 6 Property, Plant and equipment

There had been no significant acquisitions or disposals of assets for the half year ended 31 December 2016.

Note 7 Deferred exploration expenditure

	Consolidated		
	31 December 2016 $	30 June 2016 $	31 December 2015 $
Cost brought forward at the start of the reporting period	49,039,393	47,591,203	53,301,619
Exploration expenditure incurred during the period at cost	619,119	651,611	433,469
Exchange adjustment	3,747,030	829,629	(6,054,997)
Exploration expenditure written off	(15,379)	(33,050)	(88,888)
Cost carried forward at the end of the reporting period	53,390,163	49,039,393	47,591,203

The Group has relinquished ownership of its last Australian tenement, Napperby during October 2016 and continues to focus all exploration efforts on its Namibian assets.

Exploration expenditure written off relates to Australian assets that were relinquished and Namibian assets for which the expenditure is not expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale.

Note 8 Issued capital

Issued share capital increased by $2,396,031 during the period. The Company raised capital through an affiliate of Sprott making an initial investment via placement of A$1,415,253 and Share Purchase Plan subscriptions of $752,600. The remainder of the movement relates to the issue of shares to employees in relation to the vesting of Performance Share Rights and issue of shares in lieu of director fees.

Note 9 Share based payment

(a) Performance rights

Performance rights have previously been granted on an annual basis to employees under the Deep Yellow Limited Awards Plan (Awards Plan) for no consideration. The rights provide an appropriate level of incentive in a competitive environment and are cost effective in that there is no cash outlay for the Group. 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 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 three years. There is no cash settlement of the rights.

No rights have been granted during the six month period. For the six months ended 31 December 2016, the Group has recognised a write back of $73,209 of performance rights transactions in the interim consolidated statement of profit and loss and other comprehensive income as a result of performance rights that were forfeited. (30 June 2015: expense of $123,927).

(b) Share rights

Share rights have been allocated on a progressive monthly basis to directors in lieu of fees and salaries until 30 November 2016 in a continued effort to conserve cash reserves. Shares to be issued in relation to the share rights were calculated based on the 5-Day VWAP for the relevant month and the accumulated shares were issued on 1 December 2016. The 5-Day VWAP is the volume weighted average share price for the five days on which shares are traded up to but excluding the 20th of the relevant month. There were no outstanding share rights on 31 December 2016 with a portion of director fees accrued from 1 December 2016

(c) Loan Plan Shares

On 1 December 2016, 100,000,000 shares were granted to the Managing Director under the Deep Yellow Limited Share Loan Plan (Share Plan). The Share Plan rewards and incentivises employees (including Directors who are employees of the Company) and contractors (participant), where shareholder approval has been granted, through an arrangement where participants are offered shares subject to long term performance conditions. The shares are offered at market value such that the incentive is linked to the increase in value over and above the purchase price and so aligns the participants to the risks and rewards of a shareholder. The purchase price payable by the participant for the ordinary shares is lent to the participant under an interest free limited recourse loan, with the loan secured against the shares. The loan can be repaid at any time, however, the loan must be repaid on the earlier of 10 years after the issuance of the shares and the occurrence of:

a) in the case of vested shares, the date being 12 months after cessation of employment or service contract for any reason; or
b) pre-determined occurrences as per the Share Plan including but not limited to a Control Event or material breach by the Participant.

The shares vest if certain company share price targets are met and the holder of the awards remains employed with the Company during the measurement period. If these conditions are not met the shares are forfeited and the forfeited shares are treated as full consideration for the repayment of the loan. A participant may not trade shares acquired under the Plan until the shares have vested, any imposed dealing restrictions have ended and the limited recourse loan in respect to those shares has been paid in full. The fair value at grant date is estimated using a Black Scholes option pricing model for shares with non-market based vesting conditions and a Monte-Carlo model for those with market based vesting conditions. The fair value of shares granted during the six month period ended 31 December 2016 was estimated on the date of grant using the following assumptions:

Dividend yield (%)	Zero
Expected volatility (%)	110.00
Risk free interest rate (%)	2.73
Expected loan term (years)	10.00
Share price at valuation date ($)	0.011

The weighted average fair value of the shares granted during the six month period was $0.00833 (year ended 30 June 2016: Nil)

For the six months ended 31 December 2016, the Group has recognised $336,231 of loan plan share expense in the statement of profit or loss (31 December 2015: Nil)

Note 10 Contingent assets and liabilities

There were no material contingent assets or liabilities as at 31 December 2016.

Note 11 Events after the reporting date

On 28 February 2017 shareholders passed an ordinary resolution to consolidate the Company's issued capital on the basis that:

a) every twenty fully paid ordinary shares be consolidated into one fully paid ordinary share;
b) the Performance Share Rights on issue be adjusted in accordance with Listing Rule 7.21; and
c) where the number of Shares or Performance Share Rights held by a member of the Company as a result of the consolidation includes any fraction of a Share or Performance Right, that fraction be cancelled and extinguished.

Accordingly, the Company's capital structure now comprises the following:

	Post Consolidation
Total Ordinary Shares	129,577,759
Performance Share Rights (i)	264,500
Performance Share Rights (ii)	225,250
Performance Share Rights (iii)	95,500
Performance Share Rights (iv)	124,000

(i) Time based vesting 1 July 2017
(ii) Time based vesting 1 July 2018
(iii) Market price vesting - $1.40
(iv) Market price vesting - $0.70

In addition, 3,500,000 shares have previously been issued pursuant to the Deep Yellow Loan Share Plan.
These shares are included in the Total Ordinary Shares in the above table. The information below is provided as additional information to provide details on the vesting conditions post the consolidation.

300,000	Time based vesting 1 July 2017
600,000	Market price vesting $0.24 at 1 July 2017
350,000	Time based vesting 1 July 2018
850,000	Market price vesting $0.40 at 1 July 2018
350,000	Time based vesting 1 July 2019
1,050,000	Market price vesting $0.60 at 1 July 2019

Note 12 Financial instruments

Fair values

Set out below is a comparison of the carrying amounts and fair values of financial instruments as at 31 December 2016 and 30 June 2016:

	December 2016		June 2016	
Consolidated	Carrying amount $	Fair value $	Carrying amount $	Fair value $
Cash and cash equivalents	2,401,526	2,401,526	1,579,488	1,579,488
Trade and other receivables	151,239	151,239	71,619	71,619
Trade and other payables	(512,370)	(512,370)	(289,148)	(289,148)
	2,040,395	2,040,395	1,361,959	1,361,959

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.

Note 13 Dividends

No dividends were paid or proposed for the six months ended 31 December 2016 or 31 December 2015.

Note 14 Earnings per share (EPS)

The number of ordinary shares outstanding decreased as a result of a consolidation of the Company's issued capital on the basis that every twenty fully paid Shares and Rights be consolidated into one Share and Right respectively. Refer Note 11. Basic and diluted earnings per share for all periods presented were therefore adjusted retrospectively. The "per share" calculations are therefore based on the new number of weighted average shares of 112,718,530 (December 2015: 95,966,627).

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

In the opinion of the Directors:

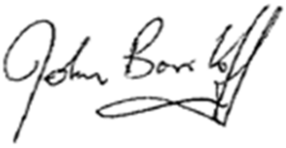
1. The financial statements and notes of the consolidated entity for the half year ended 31 December 2016 are in accordance with the *Corporations Act 2001*, including:

   a. giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 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.



John Borshoff
Managing Director
Dated this day 10 March 2017

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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 consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and 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*, 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 2016 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 2016 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*.

Ernst & Young

G H Meyerowitz
Partner
Perth
10 March 2017