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27 February 2006

Manager Company Announcements  
Company Announcements Office  
Australian Stock Exchange Limited  
Level 10, 20 Bond Street  
SYDNEY NSW 2000

Dear Sirs

## PROSPECTUS

Please find attached:

- Prospectus dated 27 February 2006 for Deep Yellow Limited's 1 for 2 Non - Renounceable Entitlements Issue of up to 222,158,841 new shares at 7.5 cents per share to raise a maximum of \$16,661,913;
- Updated Appendix 3B from that lodged 20 February 2006;
- A 'Notice Letter' to be despatched to shareholders containing all the information required in Appendix 3B.

Yours faithfully

**Mark Pitts**  
Company Secretary

# **DEEP YELLOW LIMITED**

## **ACN 006 391 948**

### **NON RENOUNCEABLE ENTITLEMENT ISSUE PROSPECTUS**

**FOR**

**A non renounceable pro rata Offer of up to 222,158,841 New Shares at 7.5 cents each to Eligible Shareholders, on the basis of 1 New Share for every 2 Shares held at the Record Date, to raise up to \$16,661,913.**

**THIS OFFER CLOSES AT 5.00PM WST ON 27 MARCH 2006  
VALID ACCEPTANCES MUST BE RECEIVED BEFORE THAT TIME.  
Please read the instructions in this Prospectus and on the accompanying Entitlement and Acceptance Form  
regarding the acceptance of your entitlement.**

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT SHOULD BE READ  
IN ITS ENTIRETY. IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR  
PROFESSIONAL ADVISER WITHOUT DELAY. THE SECURITIES OFFERED BY THIS PROSPECTUS ARE OF A  
SPECULATIVE NATURE.**

## IMPORTANT INFORMATION

**This Prospectus is dated 27 February 2006 and was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the contents of this Prospectus.**

**No New Shares will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.**

**This document is important and requires your immediate attention. Applicants should read this Prospectus in its entirety before deciding to participate in the Issue. If after reading this Prospectus you have any questions about the Issue, you should contact your stockbroker, solicitor, accountant or professional adviser.**

A copy of this Prospectus is available for inspection at the registered office of the Company at Level 1, 329 Hay Street, Subiaco, Western Australia, during normal business hours. The Company will provide a copy of this Prospectus to any person on request. The Company will also provide copies of other documents on request (see Section 6.3).

The Company will apply to ASX within 7 days of the date of this Prospectus for Official Quotation by ASX of the New Shares offered by this Prospectus.

The New Shares offered by this Prospectus should be considered speculative. Please refer to Section 4 for details relating to investment risks.

Applications for New Shares can only be submitted on an original Entitlement and Acceptance Form attached to and forming part of this Prospectus. The Entitlement and Acceptance Form sets out an Eligible Shareholder's entitlement to participate in the Issue.

Revenues and expenditures disclosed in this Prospectus are recognised exclusive of the amount of goods and services tax, unless otherwise disclosed.

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

No action has been taken to permit the offer of New Shares under this Prospectus in any jurisdiction other than Australia and New Zealand.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of New Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the application and, if the application is successful, to administer the Applicant's security holding in the Company.

By submitting a Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Form, the Company may not be able to accept or process your application.

An Applicant has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

## CORPORATE DIRECTORY

### Directors

Leon Pretorius	Executive Chairman
Martin Kavanagh	Non Executive Director
Gillian Swaby	Non Executive Director

### Company Secretary

Mark Pitts

### Principal and Registered Office

Level 1, 329 Hay Street  
Subiaco, Western Australia 6008  
Telephone - 61 8 9286 6999  
Facsimile - 61 8 9286 6969

### Solicitors

Hardy Bowen  
Level 1, 28 Ord Street  
West Perth, Western Australia 6005

### Share Registry \*

Computershare Investor Services Pty Ltd  
Level 2, 45 St Georges Terrace  
Perth Western Australia 6000

### Stock Exchange

The Company's securities are quoted on the Official  
List of Australian Stock Exchange Ltd.  
The home branch is Perth.  
ASX Code: DYL

\* Name included for information purposes only.

## PROPOSED TIMETABLE

Announcement of the Entitlement Issue	20 February 2006
Lodgement of Prospectus with ASIC and ASX	27 February 2006
Record date for determining Entitlement	8 March 2006
Prospectus and Entitlement and Acceptance Form despatched to Eligible Shareholders	10 March 2006
Closing date for receipt of Acceptances and Application monies	27 March 2006
Anticipated date for allotment and issue of New Shares	31 March 2006

\* Subject to the Listing Rules, the Directors reserve the right to extend the Closing Date for the Offer. Any extension of the Closing Date will have a consequential effect on the anticipated date for allotment and issue of the New Shares.

## LETTER FROM THE CHAIRMAN

Dear Shareholder,

On behalf of the Directors of Deep Yellow Limited, I invite you to make a further investment in your Company.

The Company is pleased to offer all its shareholders a 1 : 2 non renounceable Entitlement Issue of 222,158,841 new shares at an issue price of 7.5 cents per share. The pricing has been set at 7.5 cents to provide an opportunity for all shareholders to participate in the capital raising. The issue is not underwritten, but the Directors have reserved the right to place any shortfall.

This prospectus sets out the details of the Entitlement Issue which will raise up to a maximum of \$16,661,913. The exact amount of funds raised is dependant on the participation rate of shareholders and the Directors' ability to place any shortfall.

The past six months have been challenging and have seen a considerable transition for the Company as it has moved to a fully fledged uranium explorer. Be assured that your Directors are working diligently, reviewing a number of opportunities both within Australia and overseas. The most recent announcements relating to Matrix Metals Limited and Dominion Mining Limited both provide the Company with access to substantial packages of tenements prospective for uranium mineralisation in the Mt Isa (Queensland) and Western Gawler (South Australia) areas respectively.

These recent agreements, together with the Company's existing project areas, ensure that Deep Yellow now has access to some very prospective ground in Australia which should be conducive to the discovery and development of uranium deposits.

It is the Company's intention to continue down this strategic path of defining and acquiring prospective exploration ground both in Australia and offshore.

For those shareholders who are not aware of the dramatic correction in uranium prices over the last three years, it is worth repeating that the spot price for  $U_3O_8$  has increased from US\$9 per pound to \$38.25 at present. This steady increase has been brought about by shrinking inventories and mine outputs, while consumption has been increasing due to improved reactor efficiencies. Predictions about global warming have again highlighted nuclear power's advantages over fossil fuel for use in power generation and more and more governments are embracing studies into the use of nuclear fuel as an alternative source of baseload power.

At the time of lodging this prospectus it was the intention of all your Directors to participate fully and to take up their maximum entitlement under this offer.

Accordingly, I encourage your participation in this Entitlement Issue. Should you wish to discuss any aspect of this capital raising please do not hesitate to contact myself, my fellow Directors or the Company secretary, Mark Pitts on (08) 9286 6999.

Yours faithfully

LEON PRETORIUS  
*Executive Chairman*

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## **1. The Company**

### **1.1 Company Status**

The Company is a uranium exploration company which holds numerous exploration licences and applications in the Northern Territory of Australia, Western Australia, Queensland and South Australia either in its own name or under agreement upon which it can prospect for uranium.

The Company has recently negotiated options for rights to explore for uranium on tenements held by Matrix Metals Limited in the Mt Isa region of Queensland and with Dominion Mining Limited in the Western Gawler region of South Australia.

The details relating to both these transactions were announced recently to the ASX.

The Company is at differing stages of negotiating access to commence exploration on the various tenements.

The purpose of this Entitlement Issue which will raise up to \$16,661,913 if all shareholders subscribed, is to:

- provide working capital for further evaluation of the Company's Napperby Project;
- provide working capital for the Company's proposed exploration programmes on the Matrix Metals and Dominion Mining tenements where access has already been negotiated;
- ongoing target generation in the Tanami-Arunta Province and exploration of these as access is granted; and,
- general working capital and to enable the Company to make further acquisitions of prospective uranium areas.

### **1.2 The Board of Directors**

The Company has a well qualified and committed Board of Directors.

#### **Leon Pretorius MSc Geology, PhD Geochemistry, FAusIMM, MAIG**

Dr Pretorius is a geochemist and brings to Deep Yellow 35 years experience and an intimate knowledge of the uranium industry in both Australia and Southern Africa.

He has worked in Africa, Europe and the United States of America in a variety of roles. For the past 5 years he has been involved with Paladin Resources Limited's activities in Southern Africa during which time that company saw rapid growth. Although he resigned his position as an executive Director of Paladin in 2005, he remains a non-executive Director of their Namibian operating company Langer Heinrich Uranium (Pty) Limited.

Dr Pretorius is also a non-executive Director of the AIM (London) listed company Uranium Resources Plc.

**Martin Kavanagh** BSc(Hons) Geology, FAusIMM, MAIG, CIM

Mr Kavanagh is an exploration geologist with considerable experience acquired through extensive fieldwork, research and management of Australia-wide and offshore programs.

He has held several senior positions and worked widely within the exploration and mining industry throughout Australia and offshore in North America, Indonesia and the Southwest Pacific islands for the past 35 years.

Mr Kavanagh is also a non-executive director of Tanami Gold NL.

**Gillian Swaby** B.Bus, FCIS, FAICD

Ms Swaby has been involved in financial and corporate administration, as both Director and Company Secretary covering a broad range of industry sectors, for over 25 years. Ms Swaby has extensive experience in the area of secretarial practice, corporate governance, management accounting and corporate and financial management and sits on a number of advisory committees.

Ms Swaby is currently the Company Secretary of Paladin Resources Ltd and was a member of the Paladin Board for a period of 9 years.

Ms Swaby is the principal of a corporate consulting company and past Chair of the Western Australian Council of Chartered Secretaries of Australia and a former Director on their National Board.



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## **2. Details of the Offer**

### **2.1 The Offer**

The Company is making a non renounceable pro-rata offer of Shares to existing Eligible Shareholders on the basis of 1 New Share for every 2 Shares held at 5.00 pm (WST) on 8 March 2006 ("Record Date").

A maximum of 222,158,841 New Shares will be issued pursuant to this Prospectus ("Issue").

Where the determination of the entitlement of any Entitled Shareholder results in a fraction of a Share, such fraction will be rounded down to the nearest whole Share.

There is a minimum subscription to the Offer ( refer Section 2.5).

Please refer to Section 6.1 for a summary of the rights attaching to the New Shares.

### **2.2 Purpose of the Issue**

The Issue will raise up to \$16,661,913, (on the basis of full acceptances) before costs of the Issue.

Completion of the Offer will result in an increase in cash on hand of \$16,611,913 (after the payment of costs associated with the Offer and assuming the Offer is fully subscribed).

It is proposed that the funds raised will be used primarily by the Company to address the following activities:

- further evaluation of Napperby;
- to meet committed levels of expenditure on exploration programmes on the Matrix Metals and Dominion Mining tenements;
- ongoing target generation in the Tanami-Arunta Province and exploration as access is granted;
- further acquisitions of prospective uranium areas both in Australia and offshore; and
- general working capital.

The Directors will allocate the funds in such priority and proportions as is in the best interests of the Company.

Refer to Section 5.2 for more details.

### **2.3 Your Entitlement and Acceptance**

The number of New Shares to which an Eligible Shareholder is entitled is set out in the Entitlement and Acceptance Form, which will be sent with a copy of this Prospectus to Eligible Shareholders. Eligible Shareholders may accept their entitlement in whole or in part. If you decide not to accept your entitlement it will lapse and may be placed by the Directors as Shortfall Securities in accordance with section 2.6 of this Prospectus.

It is important that you consider the Issue carefully. If you decide to accept your entitlement (either in whole or in part), you must do so in accordance with the instructions set out on the accompanying Entitlement and Acceptance Form and Section 2.8. Completed Entitlement and Acceptance Forms must

be received at Computershare Investor Services Pty Ltd by 5.00pm (WST) on the Closing Date, together with a cheque or bank draft in Australian dollars for the amount being applied for made out to **"Deep Yellow Limited Share Issue Account"** and crossed "Not Negotiable". Cash payments will not be accepted but returned and the application deemed invalid. Receipts for payments will not be issued.

Subject to the Corporations Act and the Listing Rules, the Company reserves the right in its absolute discretion, to extend the Issue, close the Issue early or accept late applications either generally or in a particular case.

If you are in doubt as to the course of action, you should consult your professional adviser.

## **2.4 Opening and Closing Dates**

The Company will accept Entitlement and Acceptance Forms from the Record Date for determining Eligible Shareholders' entitlements (8 March 2006), until 5.00pm WST on 27 March 2006 or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the Listing Rules ("Closing Date").

## **2.5 Minimum Subscription**

The minimum subscription under the Offer, including the placement of Shortfall Securities is \$3,100,000. If the minimum subscription under the Offer is not met, all application monies received will be refunded without interest.

If the Minimum Subscription has not been reached the Board intends to endeavour to complete the issue by placing the Shortfall Securities at its absolute discretion.

## **2.6 Shortfall**

The placement of Shortfall Securities may occur after the Closing Date.

An application for Shortfall Securities can only be made by completing a Shortfall Application Form which will be sent by the Directors to any party who the Directors invite to apply for Shortfall Securities. The Shortfall Application Form shall be sent by the Directors with a copy of the Prospectus.

The Directors may in their absolute discretion issue all, some or none of the Shortfall Securities applied for by any party. To the extent that Shortfall Securities are applied for but not issued, Application Monies will be returned without interest.

## **2.7 Procedures for placement of Shortfall Securities**

Shortfall Application Forms must be completed in accordance with the instructions contained therein and must be accompanied by a cheque in Australian currency drawn on an Australian bank, made payable to **"Deep Yellow Limited Share Issue Account"** and crossed "Not Negotiable" for the Application Monies. Cash payments will not be accepted but returned and the application deemed invalid. Receipts for payments will not be issued.

Once a Shortfall Application Form is completed and returned it is irrevocable and may not be withdrawn or varied by the Applicant.

Application Monies are payable in full on application.

Completed Shortfall Application Forms together with payment of the Application Monies in full must be lodged by the date specified by the Directors when sending the Shortfall Application Form as follows:

By delivery	Computershare Investor Services Pty Ltd
	Level 2

45 St George's Terrace  
PERTH WA 6000

By post                      Computershare Investor Services Pty Ltd  
GPO Box D182  
Perth WA 6840

## **2.8 Entitlement and Acceptance Form**

Acceptance of a completed Entitlement and Acceptance Form by the Company creates a legally binding contract between the Applicant and the Company for the number of New Shares accepted by the Company. The Entitlement and Acceptance Form does not need to be signed to be a binding acceptance of New Shares.

If the Entitlement and Acceptance Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

## **2.9 Allotment**

The Company expects to issue the Shares on 31 March 2006. Holding statements in relation to the Shares are also expected to be dispatched on 31 March 2006. These dates may change at the Directors' discretion.

It is the responsibility of Applicants to determine their allocation prior to trading in the New Shares. Applicants who sell New Shares before they receive their holding statements will do so at their own risk.

## **2.10 Application Monies held on trust**

All Application Monies received for the New Shares will be held in trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus until the New Shares are issued. All Application Monies will be returned (without interest) if the New Shares are not issued.

## **2.11 ASX Quotation**

Application will be made to ASX no later than 7 days after the date of this Prospectus for the official quotation of the New Shares offered by this Prospectus. If permission is not granted by ASX for the official quotation of the New Shares offered by this Prospectus within 3 months after the date of this Prospectus the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to this Prospectus.

## **2.12 CHESS**

The Company participates in the Clearing House Electronic Subregister System, known as CHESS. ASX Settlement and Transfer Corporation Pty Ltd ACN 008 504 532 ("ASTC"), a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and New Shares Clearing House Business Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of New Shares.

If you are broker sponsored, ASTC will send you a CHESS statement.

The CHESS statement will set out the number of New Shares issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the New Shares, including a notice to exercise the New Shares.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by Computershare Investor Services Pty Ltd and will contain the number of New Shares issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time; however, a charge may be made for additional statements.

### **2.13 Foreign Shareholders**

The Offer is not being extended to any shareholders whose registered address is outside Australia or New Zealand. The Company is of the view that it is unreasonable to make the Issue to shareholders outside Australia and New Zealand, having regard to:

- the number of those shareholders;
- the number and value of New Shares to be offered to those persons; and
- the cost of complying with overseas legal requirements.

The Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer other than for shareholders in Australia and New Zealand. The Company is not required to make offers under the Prospectus to shareholders other than in Australia and New Zealand. Where the Prospectus has been dispatched to shareholders domiciled outside Australia or New Zealand and where the country's securities code or legislation prohibits or restricts in any way the making of the offers contemplated by the Prospectus, the Prospectus is provided for information purposes only.

Shareholders resident in Australia or New Zealand holding shares on behalf of persons who are resident overseas are responsible for ensuring that taking up their Entitlement under the Issue does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

### **2.14 Brokerage**

The Company may pay a placement fee of a maximum of 5% (plus GST) of the amount subscribed (and accepted by the Company) to any holder of a financial services licence in respect of Shortfall Applications Forms bearing their stamp.

### **2.15 Risk Factors**

An investment in New Shares should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are set out in Section 4.

### **2.16 Taxation Implications**

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. As a result, Shareholders should consult their professional tax adviser in connection with subscribing for New Shares under this Prospectus.

### **2.17 Major Activities and Financial Information**

A summary of the major activities and financial information relating to the Company for the financial year ended 30 June 2005 is contained in the Annual Report which was sent to Shareholders on 25 October 2005.

A summary of activities relating to the Company for the three month period ended 30 September 2005 is contained in the quarterly activities report for that period, which was lodged with ASX on 31 October 2005.

A summary of activities relating to the Company for the three month period ended 31 December 2005 is contained in the quarterly activities report for that period, which was lodged with ASX on 31 January 2006.

## **2.18 Enquiries concerning Prospectus**

Enquiries concerning the Entitlement and Acceptance Form can be obtained by contacting Computershare Investor Services Pty Ltd by telephone on 1300 557 010.

Enquiries relating to this Prospectus should be directed to the Company Secretary by telephone on 08 9286 6999 or facsimile on 08 9286 6969.

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### **3. Action required by Shareholders**

#### **3.1 Acceptance of New Shares under this Prospectus**

Should you wish to accept all of your entitlement to New Shares, then applications for New Shares under this Prospectus must be made on the Entitlement and Acceptance Form which accompanies this Prospectus, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided and attach a cheque for the amount indicated on the Entitlement and Acceptance Form.

Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed "Not Negotiable" and made payable to "Deep Yellow Limited Share Issue Account" and lodged at any time after the issue of this Prospectus and on or before the Closing Date at the Company's share registry (by delivery or by post) at:

By delivery	Computershare Investor Services Pty Ltd Level 2 45 St George's Terrace PERTH WA 6000
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By Post	Computershare Investor Services Pty Ltd GPO Box D182 Perth WA 6840
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#### **3.2 If you wish to take up part of your entitlement only**

Should you wish to only take up part of your entitlement, then applications for New Shares under this Prospectus must be made on the Entitlement and Acceptance Form which accompanies this Prospectus in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided, including the number of New Shares you wish to accept and the amount payable (calculated at 7.5 cents per New Share accepted), and attach a cheque for the appropriate Application Monies.

Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed "Not Negotiable" and made payable to "Deep Yellow Limited Share Issue Account" and lodged at any time after the issue of this Prospectus and on or before the Closing Date at the Company's share registry (by delivery or by post) at:

By delivery	Computershare Investor Services Pty Ltd Level 2 45 St George's Terrace PERTH WA 6000
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By Post	Computershare Investor Services Pty Ltd GPO Box D182 Perth WA 6840
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#### **3.3 Entitlements not taken up**

If you do not wish to accept any of your entitlement, you are not obliged to do anything. In that case, New Shares not accepted by the Closing Date will become Shortfall Securities and you will receive no benefit.

### **3.4 Enquiries concerning your entitlement**

If you have any queries concerning your entitlement please contact:

Computershare Investor Services Pty Ltd  
Level 2  
45 St George's Terrace  
PERTH WA 6000

Telephone 1300 557 010

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## 4. Risk Factors

Potential investors in the Company should be aware that subscribing for shares involves a number of risks. The risk factors outlined in this Section and elsewhere in this Prospectus should be carefully considered by investors when evaluating an investment in the Company. In addition, investors should appreciate that the value of shares and options on ASX may rise or fall depending on a range of factors beyond the control of the Company. This is especially the case with companies undertaking mining and exploration activities.

Any of the factors set out in this Section or any other factors identified in this Prospectus may materially affect the financial performance of the Company and the market price of the Shares. To that extent the Shares carry no guarantee with respect to the payment of dividends, return on capital or the price at which those Shares will trade on the ASX.

The Directors consider that an investment in the Company should be considered speculative due to:

- (a) the recent volatility in publicly listed entities on world stock markets generally, and of mining and exploration companies in particular; and
- (b) the speculative nature of mining and exploration activities.

While the Company plans to take prudent measures to safeguard from, or mitigate its exposure to these risks, many of the risks are outside of the Company's control.

There are a number of risk factors that investors should consider before deciding whether or not to invest in the New Shares. The principal risk factors include, but are not limited to, the following:

### 4.1 Risks specific to the Company

The current and future operations of the Company, including exploration, appraisal and production activities, may be affected by a range of factors, including:

- (a) Government Policy

The Federal Government is responsible for uranium mining in the Northern Territory and currently permits the mining and export of uranium under strict international agreements designed to prevent nuclear proliferation. The export of uranium is tightly controlled by the Federal Government through its licensing process and Australian uranium can only be exported to those countries who undertake to use it for peaceful purposes.

The Queensland State Government has a policy opposing the mining of uranium. Whilst the Company is not prevented from exploration and evaluation of their uranium deposits, the development of the uranium deposits is dependant on a change in Queensland State Government policy in relation to uranium production. There can be no assurance that this policy will change in the future and this may adversely affect the long term prospects for the Company.

At its conference in October, the South Australian branch of the ALP unanimously endorsed a platform motion that it continued to be opposed to new uranium mines and the expansion of the enrichment process. The South Australian Government has also passed legislation to prevent the use of sites in SA for the storage of intermediate or high level nuclear waste.

However, the South Australian Labor Government, Premier Mike Rann and his Minister for Minerals Development Mr Paul Holloway are strongly supporting the expansion of the Olympic Dam mine, which will allow the BHP/Billiton-run mine to quadruple its uranium output to become the largest uranium mine in the world.



Further, the Rann Government will not prevent the development of the Honeymoon mine, approved by the previous Liberal State Government, despite a technical breach of the 'three mines' policy. Premier Rann justifies the Honeymoon decision on the basis that stopping the mine suggests a degree of regulatory risk to investors in the resources sector.

South Australia is also home to Beverley, the only new uranium mine opened since the Coalition government was elected in 1996.

Although it is not in favour of new uranium mines in South Australia nor the storage of radioactive material, the South Australian Government continues to subsidise uranium exploration, offering some explorers a 50 percent rebate on drilling costs. It also supports uranium mining at current levels in South Australia, given its contribution to the economy.

The Western Australian Government has not enacted any legislation that expressly prohibits uranium mining in Western Australia. However, the current Western Australia State Government does have a policy opposing uranium mining. All mining leases granted since 22 June 2002 are subject to a condition which prohibits the mining of uranium. Whilst the Company is not restricted from exploration and evaluation of its tenements in Western Australia, any development would be contingent upon a change of Western Australian State Government Policy in relation to uranium production. There can be no assurance that the policy will change in the future and this may adversely affect the long-term prospects of the Company.

Investors should note that the Federal Labour Party (currently in opposition) 2004 platform was to prevent the development of any new uranium mines.

In addition future changes in Governments, regulations and policies may have an adverse impact on the Company.

(b) Approval Process

Uranium mining is subject to extensive regulation by State and Federal governments in relation to the exploration, development, production, exports, taxes, royalties, labour standards, occupational health, waste disposal, protection and rehabilitation of the environment, mine reclamation, mine safety, toxic and radioactive substances, native title and other matters. The cost of compliance with such laws and regulations will ultimately increase the cost of exploring, drilling, developing, constructing, operating and closing mines and other production facilities. These approvals are more rigorous than for mining of other metals. There is a risk that should economic deposits of uranium be discovered, the government approvals may not be granted, or may be significantly delayed or may make the deposit uneconomic.

(c) Competition from alternative energy and public perception

Nuclear energy is in direct competition with other more conventional sources of energy which include gas, coal and hydro-electricity.

Furthermore, any potential growth of the nuclear power industry (with any attendant increase in the demand for uranium) beyond its current level will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity. The nuclear industry is currently subject to negative public opinion due to political, technological and environmental factors. This may have an adverse impact on the demand for uranium and increase the regulation of uranium mining.

One of the arguments in favour of nuclear energy is its lower emissions of carbon dioxide per unit of power generated compared to coal and gas. Alternative energy systems such as wind or solar also have very low levels of carbon emissions, if any, however to date these have not

been efficient enough to be relied upon for large scale base load power. Technology changes may occur that make alternative energy systems more efficient and reliable.

(d) Environmental risks

Uranium mining is an industry that has become subject to increasing environmental responsibility and liability. The potential for liability is an ever present risk.

Exploration work will be carried out in such a way as to minimise the impact on the environment.

(e) Contractual Rights

The Company is not the registered holder on some of its tenements. As such the Company's rights to uranium are based on various contractual rights it has with the owners of the tenements.

The ability of the Company to exploit the uranium rights it has under various agreements, are partially dependant on the tenement owners ensuring that the tenements are maintained and kept in good standing. It is possible that the tenement owners may act in a manner which could effect the rights of the Company under the various contractual rights.

## 4.2 Mineral industry risks

(a) Exploration and development risks

Mineral exploration and mining are high-risk enterprises, only occasionally providing high rewards. In addition to the normal competition for prospective ground, and the high average costs of discovery of an economic deposit, factors such as demand for commodities, stock market fluctuations affecting access to new capital, sovereign risk, environmental issues, labour disruption, project financing difficulties, foreign currency fluctuations and technical problems all affect the ability of a company to profit from any discovery.

There is no assurance that exploration and development mineral interests owned by the Company, or any other projects that may be acquired in the future, can be profitably exploited.

(b) Operational risks

The operations of the Company may be disrupted by a variety of risks and hazards which are beyond the control of Deep Yellow, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions, fire, explosions and other incidents beyond the control of the Company.

These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. While the Company currently intends to maintain insurance within ranges of coverage consistent with industry practice, no assurance can be given that the Company will be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.

(c) Metallurgy

Metal and/or mineral recoveries are dependent upon the metallurgical process, and by its nature contain elements of significant risk such as:

- Identifying a metallurgical process through testwork to produce a saleable metal and/or concentrate;

- Developing an economic process route to produce a metal and/or concentrate; and
- Changes in mineralogy in the ore deposit can result in inconsistent metal recovery, affecting the economic viability of the project.

(d) Resource estimates

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates that were valid when made may change significantly when new information becomes available.

In addition, resource estimates are necessarily imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralisation or formations different from those predicted by past drilling, sampling and similar examinations, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could adversely affect the Company's operations.

(e) Payment obligations

Under the mining and exploration tenements and licences and certain other contractual agreements to which the Company is or may in the future become a party, the Company is or may become subject to payment and other obligations. In particular, the Company has an obligation to meet the agreed expenditure budgets for each of its interests in Queensland and the Northern Territory. In addition where the Company is not the manager it is reliant on the manager to maintain the exploration tenements and licences in 'good standing' and the relevant Mines Departments expenditure commitments. Failure to meet these work commitments will render the tenement or licence liable to be cancelled.

(f) Commodity price volatility

It is anticipated that any potential future revenues derived from mining will primarily be derived from the sale of uranium. Consequently, any future earnings are likely to be closely related to the price of this commodity and the terms of any off-take agreements that the Company enters into.

Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for base metals, forward selling by producers, and production cost levels in major metal-producing regions.

Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, the commodity as well as general global economic conditions. These factors may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(g) Competition

The Company competes with other companies, including major mineral exploration and production companies. Some of these companies have greater financial and other resources than Deep Yellow and, as a result, may be in a better position to compete for future business opportunities. Many of the Company's competitors not only explore for and produce minerals, but also carry out refining operations and other products on a worldwide basis. There can be no assurance that the Company can compete effectively with these companies.

(h) Title

All of the Tenements in which the Company has or may earn an interest in will be subject to applications for renewal or grant (as the case may be). The renewal or grant of the term of each Tenement is usually at the discretion of the relevant government authority.

(i) Native Title

The Native Title Act recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. There is significant uncertainty associated with Native Title in Australia and this may impact on the Company's operations and future plans.

Native Title can be extinguished by valid grants of land (such as freehold title) or waters to people other than the Native Title holders or by valid use of land or waters. It can also be extinguished if the indigenous group has lost its connection with the relevant land or waters. Native Title is not necessarily extinguished by the grant of mining leases, although a valid mining lease prevails over Native Title to the extent of any inconsistency for the duration of the title.

Tenements granted before 1 January 1994 are valid or validated by the Native Title Act.

For tenements to be validly granted (or renewed) after 1 January 1994, the future act regime established by the Native Title Act must be complied with.

The existence of a Native Title claim is not an indication that Native Title in fact exists on the land covered by the claim, as this is a matter ultimately determined by the Federal Court.

The Company must also comply with Aboriginal heritage legislation requirements which require heritage survey work to be undertaken ahead of the commencement of exploration and mining operations.

(j) Joint Venture Risk

Where a joint venture partner does not act in the best commercial interest of the joint venture, it could have a material adverse effect on the interests of the Company.

Furthermore, the Directors are unable to predict the risk of:

- (i) financial failure, non compliance with obligations or default by a participant in any joint venture to which the Company is, or may become, a party; or
- (ii) insolvency or other managerial failure by any of the contractors used by the Company in its exploration activities; or
- (iii) insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

(k) Environmental

The Company's projects are subject to Federal Australian, Northern Territory, Queensland, South Australian, Western Australian Law and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mining projects, the projects of the Company have a variety of environmental impacts. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws.

The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop potentially economically viable mineral deposits.

Although Deep Yellow believes that it is in compliance in all material respects with all applicable environmental laws and regulations, there are certain risks inherent to its activities, such as accidental spills, leakages or other unforeseen circumstances, which could subject the Company to extensive liability.

Further, the Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Company's business, financial condition and results of operations.

### **4.3**

#### **General Risks**

**(a) Securities investment**

Applicants should be aware that there are risks associated with any securities investment. The prices at which the Company's Shares trade may be above or below the Offer price, and may fluctuate in response to a number of factors.

Further, the stock market has experienced price and volume fluctuations. There can be no guarantee that these trading prices and volumes will be sustained. These factors may materially affect the market price of the Shares, regardless of Deep Yellow's operational performance.

**(b) Share market conditions**

The market price of the Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither Deep Yellow nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

**(c) Economic Risk**

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption in Australia, the rate of growth of Australia's gross domestic product, interest rates and the rate of inflation.

**(d) Future Capital needs and Additional Funding**

The future capital requirements of the Company will depend on many factors including its business development activities. The Company believes its available cash and the net proceeds of this Offer should be adequate to fund its business development activities, exploration program and other Company objectives in the short term, as stated in this Prospectus.

Should the Company require additional funding there can be no assurance that additional financing will be available on acceptable terms, or at all. Any inability to obtain additional finance, if required, would have a material adverse effect on the Company's business and its financial condition and performance.

(e) Policies and Legislation

Any material adverse changes in Federal or State government policies or legislation of Australia or any other country that the Company has economic interests may affect the viability and profitability of the Company.

(f) Reliance on Key Personnel

The Company is reliant on a number of key employees. The loss of one or more of its key personnel could have an adverse impact on the business of the Company.

(g) Tax Reform

The Australian Government has indicated that it may introduce further tax reform. The introduction and scope of this further tax reform is uncertain. Until the precise nature of this reform is determined, the Company is not able to give any assurance as to the impact on its operating and financial performance.

## 5. Effect of the Issue

### 5.1 Capital structure on completion of the Issue

#### Assuming Full Subscription

Issued Capital	Notes	Number of Shares	Number of Options	Share Capital \$
Issued capital at the date of this prospectus		444,687,583	72,660,000	41,875,312
Offer	1 & 2	222,158,841	-	16,611,913
<b>Total securities after the Issue</b>		<b>666,846,424</b>	<b>72,660,000<sup>3</sup></b>	<b>58,487,225</b>

<sup>1</sup> Assumes that the Offer is fully subscribed.

<sup>2</sup> Assumes that costs associated with the Offer are \$50,000 with proceeds from the Offer being used as set out in 5.2

<sup>3</sup> The option holders have been notified and given an opportunity to exercise their options to acquire ordinary shares in the Company in order to participate in the pro rata issue. Full subscription as set out above assumes no options are exercised.

#### Assuming Minimum Subscription

Issued Capital	Notes	Number of Shares	Number of Options	Share Capital \$
Issued capital at the date of this prospectus		444,687,583	72,660,000	41,875,312
Offer	1 & 2	41,333,333	-	3,050,000
<b>Total securities after the Issue</b>		<b>486,020,916</b>	<b>72,660,000<sup>3</sup></b>	<b>44,925,312</b>

<sup>1</sup> Assumes that the Offer achieves only minimum subscription.

<sup>2</sup> Assumes that costs associated with the Offer are \$50,000 with proceeds from the Offer being used as set out in 5.2

<sup>3</sup> The option holders have been notified and given an opportunity to exercise their options to acquire ordinary shares in the Company in order to participate in the pro rata issue. The minimum subscription as set out above assumes no options are exercised.

## 5.2 Use of funds

The funds to be raised from the Offer will be applied together with the Company's existing funds to the following areas:

<b>Use of Funds</b>	<b>Minimum Subscription</b>	<b>Full Subscription</b>
Cash on hand at 31 December 2005	2,115,024	2,115,024
Total raised in the Offer	3,100,000	16,661,913
<b>Total Funds Available</b>	<b>5,215,024</b>	<b>18,776,937</b>
Exploration Work Programs	4,000,000	8,600,000
Tenement Rentals	50,000	150,000
New Project Evaluation and Working Capital	515,024	8,576,937
Administration - First 2 years	600,000	1,400,000
Costs of the Offer	50,000	50,000
<b>Funds Applied</b>	<b>5,215,024</b>	<b>18,776,937</b>
<b>Exploration Budget</b>		
Northern Territory Tenements	500,000	1,500,000
South Australian Tenements	325,000	600,000
Western Australian Tenements	175,000	1,750,000
North West Uranium JV (Matrix Metals Ltd)	1,500,000	2,500,000
Western Gawler Craton JV (Dominion Mining Ltd)	1,500,000	2,250,000
	<b>4,000,000</b>	<b>8,600,000</b>

To the extent that the funds raised fall between the minimum and the maximum level as shown the shortfall will be deducted from exploration expenditure and new project evaluation and working capital. The Directors are of the opinion that on completion of the Offer there will be sufficient working capital for the Company to meet its stated objectives.

## 5.3 Pro forma statement of financial position

A pro forma balance sheet of Deep Yellow Limited after completion of the Entitlement Issue prepared on the basis of the unaudited accounts of the Company as at 30 November 2005 and adjusted for the following transactions or assumptions is set out on the next page of this Prospectus:

- 1) the proforma balance sheet sets out two scenarios. Scenario 1 where the full subscription is achieved and an issue of 222,158,841 new ordinary shares is made pursuant to this Prospectus at an issue price of 7.5 cents, and Scenario 2 where only the minimum subscription is achieved and an issue of 41,333,333 new ordinary shares is made pursuant to this Prospectus at an issue price of 7.5 cents.
- 2) the estimated expenses of the Entitlement issue as referred to in Section 6.9 of this Prospectus, being offset against the total proceeds of the issue.



	UNAUDITED 30 November 2005	UNAUDITED Proforma Full Subscription	UNAUDITED Proforma Minimum Subscription
<b>Current Assets</b>			
Cash Assets	2,243,591	18,855,504	5,293,591
Receivables	260,589	260,589	260,589
<b>Total Current Assets</b>	<b>2,504,180</b>	<b>19,116,093</b>	<b>5,554,180</b>
<b>Non Current Assets</b>			
Other Financial Assets,	45,986	45,986	45,986
Property, Plant and Equipment	58,807	58,807	58,807
Exploration Expenditure Carried Forward	6,786,723	6,786,723	6,786,723
Intangible Asset (Geological Database)	1,525,000	1,525,000	1,525,000
<b>Total Non Current Assets</b>	<b>8,416,516</b>	<b>8,416,516</b>	<b>8,416,516</b>
<b>Total Assets</b>	<b>10,920,696</b>	<b>27,532,609</b>	<b>13,970,696</b>
<b>Current Liabilities</b>			
Payables	64,998	64,998	64,998
<b>Total Current Liabilities</b>	<b>64,998</b>	<b>64,998</b>	<b>64,998</b>
<b>Total Liabilities</b>	<b>64,998</b>	<b>64,998</b>	<b>64,998</b>
<b>Net Assets</b>	<b>10,855,698</b>	<b>27,467,611</b>	<b>13,905,698</b>
<b>Equity</b>			
Contributed Equity	41,875,312	58,487,225	44,925,312
Reserves	2,871,524	2,871,524	2,871,524
Accumulated Losses	(33,891,138)	(33,891,138)	(33,891,138)
<b>Total Equity</b>	<b>10,855,698</b>	<b>27,467,611</b>	<b>13,905,698</b>

#### **5.4 Market price of Shares**

The highest and lowest market sale prices of the Company's Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest:	\$ 0.11	Date: 13 January 2006
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Lowest:	\$ 0.075	Date: 2 December 2005
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The latest available market sale price of the Company's Shares on ASX prior to the date of lodgement of this Prospectus with the ASIC was 9.6 cents per Share on 24 February 2006.

#### **5.5 Dividend policy**

The Shares issued will rank *pari passu* in all respects (including dividend and bonus issues) with all existing Shares in the capital of the Company from the date of allotment and issue. As the Company is an exploration company, the Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company. There have been no dividends paid by the Company up to the date of this Prospectus.

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## **6. Additional Information**

### **6.1 Rights attaching to New Shares**

The New Shares issued by the Company will rank equally in all respects with the Company's existing Shares.

The rights attaching to Shares arise from a combination of the Company's Constitution, statute and general law.

Copies of the Company's Constitution are available for inspection during business hours at the Company's registered office. The clauses of the Constitution contain the internal rules of the Company and define matters such as the rights, duties and powers of its Shareholders and Directors, including provisions to the following effect (when read in conjunction with the Corporations Act or Listing Rules):

**(a) Shares**

The issue of shares in the capital of the Company and options over unissued shares by the Company is under the control of the Directors, subject to the Corporations Act, Listing Rules and any rights attached to any special class of shares.

**(b) Transfer of Shares**

The Company participates in the electronic share registration and transfer system known as CHESS operated by ASX under the Security Clearing House Business Rules. Accordingly, the Company will issue holding statements in lieu of share certificates. The Company will not charge any fee for registering a transfer of shares. The Directors may refuse to register a transfer of shares, or request SCH to apply a holding lock to prevent a proper SCH transfer, in the circumstances identified in the Constitution or as otherwise permitted or required under the Corporations Act or Listing Rules.

**(c) Meetings of members**

Directors may call a meeting of members whenever they think fit. Members may call a meeting as provided by section 249D of the Corporations Act. The Constitution contains provisions prescribing the content requirements of notices of meetings of members and all members are entitled to a notice of meeting. A meeting may be held in two or more places linked together by audio-visual communication devices. A quorum for a meeting of members is two natural persons, each of whom is or represents different Shareholders who are eligible to vote.

The Company holds annual general meetings in accordance with the Corporations Act and the Listing Rules.

**(d) Voting**

Subject to any rights or restrictions for the time being attached to any shares or class of shares of the Company, each member of the Company is entitled to receive notice of, attend and vote at a general meeting. Resolutions of members will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. However, where a person present at a general meeting represents personally or by proxy, attorney or representative more than one member, on a show of hands the person is entitled to one vote only despite the number of members the person represents.

On a poll each eligible member has one vote for each fully paid share held and a fraction of a vote for each partly paid share determined by the amount paid up on that share.

(e) Directors

Under the provisions of the Constitution, unless changed by the Company in general meeting, the minimum number of Directors is three. The existing Directors and the Company in general meeting may appoint a new Director to fill a casual vacancy or as an addition to the Board. Any such Director must retire at the next following annual general meeting under the Constitution, (at which meeting he or she may be eligible for election as a Director). No Director, other than the Managing Director, may hold office for longer than three years without submitting himself or herself for re-election at the next following annual general meeting.

The business of the Company is to be managed by or under the direction of the Directors. The Directors are not required by the Constitution to hold any shares in the Company.

(f) Dividends

Subject to any rights attaching to Shares which may in the future be issued with special or preferred rights, the Directors may fix the amount, the time for payment and the method of payment of a dividend. Subject to any special rights attaching to Shares (such as preference shares), dividends will be paid proportionately to the number of Shares held by each member. The Company is not required to pay any interest on dividends.

(g) Officers: Indemnities and Insurance

Under the Constitution, to the extent permitted by law, the Company indemnifies every person who is or has been a Director or Secretary of the Company against a liability incurred by that person in his or her capacity as a Director or Secretary provided that the liability does not arise out of conduct involving his or her own dishonesty, negligence, lack of good faith or breach of duty. The Company may also pay the premiums on Directors and officers liability insurance in accordance with Corporations Act.

(h) Winding Up

If on a winding up of the Company there remains a surplus, then under the Constitution and subject to any rights attaching to Shares which may in the future be issued with special or preferred rights, all assets representing the surplus that may be legally distributed among Shareholders shall be so distributed in proportion to the number of shares held by each Shareholder.

## **6.2 Company is a disclosing entity**

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules. Copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office.

Those obligations include being required to notify the ASX immediately of any information concerning the Company which it is, or becomes, aware of and which a reasonable person would expect to have a material effect on the price or value of the Shares. Exceptions apply for certain information which does not have to be disclosed.

Other documents that are required to be lodged include:

- (a) half yearly reports and annual financial statements, to be provided to ASX within 75 days of the end of each half and full year accounting period respectively; and
- (b) quarterly activities reports together with cash flow statements, to be lodged with the ASX within a specified time after the end of each quarterly accounting period.

### 6.3 Inspection and copies of documents

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of the ASIC. The Company will provide free of charge to any person who requests it during the period of the Issue, a copy of:

- (a) the Annual Report of the Company for the year ended 30 June 2005, being the last financial year for which an annual financial report has been lodged with the ASIC in relation to the Company before the issue of this Prospectus and any half yearly reports lodged after the 30 June 2005 Annual Report;
- (b) the following continuous disclosure notices given by the Company to notify the ASX of information relating to the Company during the period from the date of lodgement of the Annual Report referred to in paragraph (a) and before the date of issue of this Prospectus:

Date Lodged	Subject of Announcement
25 October 2005	2005 Annual Report and Notice of AGM
31 October 2005	Share Purchase Plan
31 October 2005	September Quarter Activities and Cash flow Report
11 November 2005	Extension of closing date of Share Purchase Plan
14 November 2005	Trading Halt request
15 November 2005	Request for temporary suspension from trading
15 November 2005	Napperby Drilling Data Discrepancy
18 November 2005	Napperby Assay Data Discrepancy
23 November 2005	Napperby Analytical Data
29 November 2005	Napperby Results
29 November 2005	Results of AGM
29 November 2005	Napperby Results
30 November 2005	Change of Directors' Interest
30 November 2005	Request for Reinstatement following temporary suspension
30 November 2005	Reinstatement to Official Quotation
1 December 2005	Change of Directors' Interest
2 December 2005	Change of Directors' Interest
12 January 2006	Form 604
18 January 2006	Change of Directors' Interest
18 January 2006	Appendix 3B
31 January 2006	December Quarter Activities and Cash flow Report
20 February 2006	NW Uranium Exploration and Development Joint Venture (Matrix Metals Ltd)
20 February 2006	Non renounceable Entitlement Issue
22 February 2006	Western Gawler Uranium Exploration Heads of Agreement (Dominion Mining Ltd)

The documents referred to in subparagraphs (a) and (b) above are not included in, and do not accompany, this Prospectus.

In addition, the following documents are available for inspection throughout the application period of this Prospectus during normal business hours at the registered office of the Company at Level 1, 329 Hay Street, Subiaco, Perth Western Australia:

- (a) this Prospectus;
- (b) the Company's Constitution; and
- (c) the consents referred to in Section 6.9 and the consents provided by the Directors to the issue of this Prospectus.

## 6.4 Directors' interests

Except as disclosed in this Prospectus, no Director, and no firm in which a Director is a partner:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Offer of property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (b) has been paid or given or will be paid or given any amount or benefit to induce him or her to become, or to qualify as, a Director, or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Offer.

Dr Leon Pretorius, on joining the Board was issued with 15,000,000 unlisted options to acquire fully paid shares in the Company. (Refer section 6.5 below)

## 6.5 Directors' interests in Company securities

No Director as at the date of this Prospectus has a relevant interest in any securities of the Company other than as set out below:

Director	Shares <sup>1</sup>	Shares <sup>2</sup>	Options
Leon Pretorius	17,000,000	-	15,000,000 <sup>3</sup>
Martin Kavanagh	-	250,000	5,000,000 <sup>4</sup>
Gillian Swaby	12,400,000	3,400,000	5,000,000 <sup>5</sup>

<sup>1</sup> Held directly

<sup>2</sup> Held by companies /related parties in which Directors have some voting and/or dispositive power

- Martin Kavanagh holds shares through 'Conway Bay Pty Ltd', trustee of the Kavanagh Superannuation Fund of which Mr Kavanagh is a beneficiary.
- Gillian Swaby holds shares through 'Strategic Consultants Pty Ltd', a company of which Ms Swaby is a Director and 100% beneficial shareholder..

<sup>3</sup> The options issued to Dr Pretorius are exercisable as follows 10,000,000 at 5 cents each on or before 31/12/2007 and 5,000,000 at 7.5 cents each on or before 31/12/2008.

<sup>4</sup> The options issued to Mr Kavanagh are exercisable as follows 3,000,000 at 25 cents each on or before 31/12/2008 and 2,000,000 at 35 cents each on or before 31/12/2008.

<sup>5</sup> The options issued to Ms Swaby are exercisable as follows 3,000,000 at 25 cents each on or before 31/12/2008 and 2,000,000 at 35 cents each on or before 31/12/2008.

At the time of lodging the Prospectus the Directors have indicated that they intend to take up their full entitlement as Shareholders under this Offer.

## 6.6 Directors' remuneration and interests

The Directors' remuneration in the form of fees, consultancy fees, service fees or other emoluments of this type, nature and amount are set out below:

Director	Fees	Consulting fees
L Pretorius	-	\$ 95,150
M Kavanagh	\$ 10,000	\$ 15,000
G Swaby	\$ 10,000	-

Of the current Directors, only Dr Pretorius received some fees in the year to 30 June 2005 amounting to \$5,000. Both Mr Kavanagh and Ms Swaby were appointed subsequent to the 2005 balance date.

All consulting and other services provided to the Company are based on normal commercial terms

## **6.7 Interests of other persons**

Except as disclosed in this Prospectus, no expert, promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Offer or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (b) has been paid or given or will be paid or given any amount or benefit in connection with the formation or promotion of the Company or the Offer.

Hardy Bowen will be paid approximately \$ 8,000 (including GST) in fees for legal services in connection with the Offer. In the past two years Hardy Bowen has received \$21,797 for general legal advice.

## **6.8 Expenses of Issue**

The estimated expenses of the Issue are as follows:

	\$
ASIC Lodgement fee	2,010
ASX quotation fee	12,900
Share registry expenses	12,000
Legal expenses	8,000
Printing, mailing and other expenses	15,090
<b>Total</b>	<b>50,000</b>

## **6.9 Consents**

The following consents have been given in accordance with the Corporations Act and have not been withdrawn as at the date of lodgement of this Prospectus with the ASIC:

Hardy Bowen has given, and has not withdrawn, their written consent to being named in this Prospectus as solicitors to the Company. Hardy Bowen have not authorised or caused the issue of this Prospectus or the making of the Offer. Hardy Bowen make no representation regarding, and to the extent permitted by law exclude any responsibility for, any statements in or omissions from any part of this Prospectus.

Computershare Investor Services Pty Ltd has given, and, as at the date hereof, has not withdrawn, its written consent to be named as share registrar in the form and context in which it is named. Computershare Investor Services Pty Ltd has had no involvement in the preparation of any part of this Prospectus other than being named as share Registrar of the Company. Computershare Investor Services Pty Ltd has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Prospectus.

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## **7. Authorisation**

This Prospectus is authorised by each of the Directors of the Company.

This Prospectus is signed for and on behalf of the Company by:

\_\_\_\_\_  
Gillian Swaby  
**Director**

Dated: 27 February 2006



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## 8. Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

**"Acceptance"** means a valid application for New Shares made pursuant to this Prospectus on an Entitlement and Acceptance Form.

**"Annual Report"** means the financial report lodged by the Company with ASIC on 28 September 2005 in respect to the year ended 30 June 2005 and includes the corporate directory, chairman's report, review of activities, Shareholder information, financial report of the Company and its controlled entities for the year ended 30 June 2005, together with a Directors' Report in relation to that financial year and the Auditor's Report on that Financial Report.

**"Applicant"** means a person who submits an Entitlement and Acceptance Form.

**"Application Monies"** means application monies for New Shares received by the Company.

**"ASIC"** means Australian New Shares and Investments Commission.

**"ASTC"** means ASX Settlement and Transfer Corporation Pty Ltd ACN 008 504 532.

**"ASX"** means Australian Stock Exchange Limited ACN 008 129 164.

**"Board"** means the Directors of the Company meeting as a board.

**"Business Day"** means Monday to Friday inclusive, other than a day that ASX declares is not a business day.

**"CHESS"** means ASX Clearing House Electronic Subregistry System.

**"Closing Date"** means 27 March 2006 or such later date as the Directors may determine.

**"Company"** means Deep Yellow Limited ACN 006 391 948.

**"Constitution"** means the constitution of the Company as at the date of this Prospectus.

**"Corporations Act"** means the Corporations Act (Cth) 2001.

**"Directors"** means the Directors of the Company as at the date of this Prospectus.

**"Eligible Shareholder"** means a person registered as the holder of Shares on the Record Date whose registered address is in Australia or New Zealand.

**"Entitlement"** means the right of a Shareholder to subscribe for New Shares offered by this Prospectus.

**"Entitlement and Acceptance Form"** or **"Form"** means the entitlement and acceptance form attached to this Prospectus that sets out the entitlement of Shareholders to subscribe for New Shares pursuant to the Issue.

**"Financial Report"** means the financial report of the Company within the meaning of the Corporations Act.

**"Issue"** or **"Offer"** means the non renounceable pro rata offer by the Company pursuant to this Prospectus of 222,158,841 New Shares, each at 7.5 cents to Eligible Shareholders on the basis of one New Share for every 2 Shares held.

**"Issuer Sponsored"** means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

**"Listing Rules"** means the Listing Rules of ASX.

**"New Shares"** means Shares issued pursuant to this Prospectus.

**"Offer Price"** means 7.5 cents for every New Share.

**"Official List"** means the official list of ASX.

**"Official Quotation"** means quotation of New Shares on the Official List.

**"Prospectus"** means this prospectus dated 27 February 2006.

**"Record Date"** means 5.00pm (WST) on 8 March 2006 being the date for the determination of entitlements of Shareholders of the Company to participate in the Offer.

**"Section"** means a section of this Prospectus.

**"SCH"** means Securities Clearing House.

**"Shareholders"** means holders of Shares.

**"Share"** means an ordinary fully paid share in the capital of the Company.

**"Shortfall Securities"** means that number of Shares that have not been applied for by Shareholders by the Closing Date.

**"Shortfall Application Form"** means the application for to subscribe for Shortfall securities.

**"\$"** means Australian dollars.

**"WST"** means Western Standard Time, being the time in Perth, Western Australia.

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

## Appendix 3B

### New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix S. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

DEEP YELLOW LIMITED

ABN

97 006 391 948

We (the entity) give ASX the following information.

#### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |  |   |
|---|--|---|
| 1 | +Class of +securities issued or to be issued   | Ordinary Shares   |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | 222,158,841<br>(To be confirmed depending on acceptances) |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | N/A   |

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+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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<p>4 Do the <sup>+</sup>securities rank equally in all respects from the date of allotment with an existing <sup>+</sup>class of quoted <sup>+</sup>securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>Upon closure of the offer the shares to be issued will rank equally with those already on issue.</p>				
<p>5 Issue price or consideration</p>	<p>7.5 cents</p>				
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>To provide funds to assist with the review and exploration of tenements prospective for Uranium, including those recently acquired and the Company's existing projects.</p>				
<p>7 Dates of entering <sup>+</sup>securities into uncertificated holdings or despatch of certificates</p>	<p>31 March 2006 (Anticipated)</p>				
<p>8 Number and <sup>+</sup>class of all <sup>+</sup>securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="706 1312 982 1375">Number</th><th data-bbox="982 1312 1265 1375"><sup>+</sup>Class</th></tr> </thead> <tbody> <tr> <td data-bbox="706 1375 982 1583">666,476,524 (To be confirmed depending on acceptances)</td><td data-bbox="982 1375 1265 1583">ORD</td></tr> </tbody> </table>	Number	<sup>+</sup> Class	666,476,524 (To be confirmed depending on acceptances)	ORD
Number	<sup>+</sup> Class				
666,476,524 (To be confirmed depending on acceptances)	ORD				

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<sup>+</sup> See chapter 19 for defined terms.

	Number	*Class
9      Number and *class of all *securities not quoted on ASX (including the securities in clause 2 if applicable)	160,000 1/1/07 at 35c	Unlisted options
	25,000,000 31/12/07 at 1c	“      “
	10,000,000 31/12/07 at 2c	“      “
	10,000,000 31/12/07 at 5c	“      “
	5,000,000 31/12/07 at 7.5c	“      “
	12,500,000 31/7/08 at 12c	“      “
	6,000,000 31/12/08 at 25c	“      “
	4,000,000 31/12/08 at 35c	“      “
10      Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A	

## Part 2 - Bonus issue or pro rata issue

11      Is security holder approval required?	No
12      Is the issue renounceable or non- renounceable?	Non renounceable
13      Ratio in which the *securities will be offered	1 for 2
14      *Class of *securities to which the offer relates	Ordinary Securities
15      +Record date to determine entitlements	8 March 2006

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Yes
17	Policy for deciding entitlements in relation to fractions	Fractions will be rounded down.
18	Names of countries in which the entity has <sup>+</sup> security holders who will not be sent new issue documents  <small>Note: Security holders must be told how their entitlements are to be dealt with.  Cross reference: rule 7.7.</small>	
19	Closing date for receipt of acceptances or renunciations	27 March 2006
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of <sup>+</sup> security holders	N/A
25	If the issue is contingent on <sup>+</sup> security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	10 March 2006 (To be confirmed)
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Option holders will be sent a notice as at the date of the disclosure document.
28	Date rights trading will begin (if applicable)	N/A

<sup>+</sup> See chapter 19 for defined terms.

29	Date rights trading will end (if applicable)	N/A
30	How do <sup>+</sup> security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do <sup>+</sup> security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do <sup>+</sup> security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	<sup>+</sup> Despatch date	To be advised

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

- 34    Type of securities  
      *(tick one)*
- (a)    ☐ Securities described in Part 1
- (b)    ☐ All other securities
- Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

- 35    ☐ If the <sup>+</sup>securities are <sup>+</sup>equity securities, the names of the 20 largest holders of the additional <sup>+</sup>securities, and the number and percentage of additional <sup>+</sup>securities held by those holders
- 36    ☐ If the <sup>+</sup>securities are <sup>+</sup>equity securities, a distribution schedule of the additional <sup>+</sup>securities setting out the number of holders in the categories
- 1 - 1,000

1,001 - 5,000

5,001 - 10,000

10,001 - 100,000

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<sup>+</sup> See chapter 19 for defined terms.

100,001 and over

37 ☐ A copy of any trust deed for the additional +securities

**Entities that have ticked box 34(b)**

38 Number of securities for which +quotation is sought

--

39 Class of +securities for which quotation is sought

--

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

--

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

--

42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)

Number	+Class

---

+ See chapter 19 for defined terms.



**Quotation agreement**

- 1      \*Quotation of our additional \*securities is in ASX's absolute discretion. ASX may quote the \*securities on any conditions it decides.
- 2      We warrant the following to ASX.
  - The issue of the \*securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those \*securities should not be granted \*quotation.
  - An offer of the \*securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.  
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
  - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any \*securities to be quoted and that no-one has any right to return any \*securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the \*securities be quoted.
  - We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the \*securities to be quoted, it has been provided at the time that we request that the \*securities be quoted.
  - If we are a trust, we warrant that no person has the right to return the \*securities to be quoted under section 1019B of the Corporations Act at the time that we request that the \*securities be quoted.

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\* See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



27 February 2006

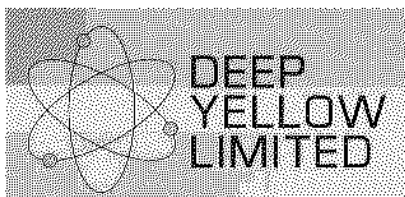
Sign here: ..... Date: .....  
(Director/Company secretary)

Print name: Mark Pitts  
.....

== == == == ==

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+ See chapter 19 for defined terms.



ABN 97 006 391 948

L 1, 329 Hay St, Subiaco  
Western Australia 6008  
PO Box 1770, Subiaco WA 6904

Tel : 08 9286 6999  
Fax : 08 9286 6969  
[admin@deepyellow.com.au](mailto:admin@deepyellow.com.au)  
[www.deepyellow.com.au](http://www.deepyellow.com.au)

27 February 2006

(SHAREHOLDER)  
(ADDRESS)

Dear Shareholder,

### **Deep Yellow Limited (Deep Yellow) Entitlement Issue – Notification Details**

On 20 February 2006 Deep Yellow announced a 1 for 2 non-renounceable Entitlement Issue of up to 222,158,841 new shares at an issue price of 7.5 cents per share. The issue will raise a maximum of \$16,661,913 if all of the Entitlements are taken up.

The issue is conditional on the company receiving minimum subscriptions of \$3,100,000.

On 27 February 2006 Deep Yellow lodged a Prospectus setting out the details of the Entitlement Issue with the Australian Securities and Investments Commission.

A copy of the Prospectus was also lodged with the Australia Stock Exchange Ltd (ASX) on the same date, and is available on the websites for ASX and Deep Yellow.

It is anticipated that the Prospectus will be sent to all shareholders in Australia and New Zealand on 10 March 2006.

### **Foreign Shareholders**

Shareholders with registered addresses in the Channel Islands, United Kingdom, Hong Kong, Ireland, India, Malaysia, Saudi Arabia, Singapore, Taiwan, South Africa, Germany, Greece, Papua New Guinea, China, Spain, France, Indonesia, Japan, Mauritius, Namibia, New Caledonia, Vanuatu and the United States are not eligible to participate in the issue.

### **Summary of Key Information**

A summary of key information is set out below for your information:

Type of Offer	Non renounceable Entitlement Issue of up to 222,158,841 new ordinary fully paid shares
Offer Price	7.5 cents per share
Offer Ratio	1 new share for every 2 held at the record date

## Proposed Timetable

The current proposed timetable for the Entitlement Issue is set out below. The dates are indicative only and Deep Yellow reserves the right to vary the dates subject to the Corporations Act 2001, the ASX Listing Rules and other applicable law.

Prospectus date	27 February 2006
Record Date (for determining shareholders' entitlement to receive an issue of new shares under the Rights Issue)	8 March 2006
Entitlement and Acceptance form and Prospectus dispatched to Shareholders	10 March 2006
Closing date of Entitlement Issue	27 March 2006
Notify ASX of under subscriptions	29 March 2006
Dispatch of Shareholder Statements	31 March 2006

## Dealing with Entitlements

The Entitlement Issue is non-renounceable, which means if shareholders do not wish to take up their entitlement they **cannot** sell their entitlement it simply lapses.

Accordingly Shareholders have the following options in relation to the Entitlement Issue:

- Take up their Entitlement in full
- Take up part of their Entitlement
- Allow their Entitlement to lapse

The Entitlement Issue is not underwritten and the Directors have reserved the right to place any shortfall.

For further information on your entitlement please contact your stockbroker or Deep Yellow's share registrar:

Computershare Investor Services Pty Limited

Telephone: 1300 557 010 (within Australia) or +61 3 9415 4000 (outside Australia)

Facsimile: (08) 9323 2033 (within Australia) or +61 8 9323 2033 (outside Australia)

Yours faithfully



MARK PITTS  
*Company Secretary*