DEEP YELLOW LIMITED
ABN 97 006 391 948

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15 March 2007

The Companies Announcement Office
Australian Stock Exchange Limited
Level 10 Exchange Centre
20 Bond Street
SYDNEY NSW 2000

Dear Sirs

Interim Financial Report for the Half Year Ended 31 December 2006

Please find attached for immediate release the Company's Interim Financial Report for the half year ended 31 December 2006.

Yours faithfully

Mark Pitts
Company Secretary

DEEP YELLOW LIMITED

(ACN 006 391 948)

Half Year Report

31 December 2006

CONTENTS

Your directors submit the financial report of the Company for the half year ended 31 December 2006.

Directors

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

Leon Pretorius	Executive Chairman
Martin Kavanagh	Executive Director
Gillian Swaby	Non-Executive Director
Mervyn Greene	Non-Executive Director (Appointed 30 November 2006)

Review of Operations

Exploration expenditure for the half year was $47,722,583 (December 2005: $ 398,291), of which $46,274,756 relates to the acquisition of Namibian exploration assets via the purchase of a subsidiary entity. Of this investment $43,412,000 was settled by the issue of ordinary share capital.

Net loss for the half year was $2,862,536 (December 2005: $1,816,998). Included in the total expenses of $3,390,809 (December 2005: $2,488,316) for the period is an amount recognised in respect of the fair value of options issued and vesting during the period totalling $2,600,000 (December 2005: $1,970,690).

Issued share capital has increased by $59,344,140 during the period. Of this increase $43,412,000 resulted from the issue of shares to acquire 100% of the share capital of Raptor Minerals Limited. The balance of the increase is comprised predominately of funds received net of capital raising costs after an entitlement issue completed in December 2006 (refer Note 3 to the Financial Statements).

Exploration activity has been focussed mainly on the Northern Territory and Queensland projects. During the reporting period the company has continued to acquire significant prospective interests within Australia and Namibia.

Auditor's Declaration

Section 307C of the Corporations Act 2001 requires our auditors, Ernst & Young, to provide the directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 3 and forms part of this Directors' report for the half-year ended 31 December 2006.

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

Leon Pretorius
Director
Dated this 15th day of March 2007

ERNST & YOUNG

The Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000
Australia

GPO Box M939
Perth WA 6843

Tel 61 8 9429 2222
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Auditor's Independence Declaration to the Directors of Deep Yellow Limited

In relation to our review of the financial report of Deep Yellow Limited for the half-year ended 31 December 2006, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Gavin A. Buckingham
Partner
Perth
15 March 2007

GAB:KT:DEEP YELLOW:030

CONDENSED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2006

	Notes	Consolidated 31 December 2006 $	Consolidated 31 December 2005 $
Continuing operations			
Interest revenue		389,932	92,947
Other income	2(a)	3,052	578,371
Employee benefits expense	2(c)	(2,701,637)	(2,031,905)
Depreciation and amortisation expense	2(b)	(190,959)	(144,388)
Corporate expenses		(211,799)	(121,032)
Marketing expenses		(4,987)	(17,546)
Occupancy expenses		(46,852)	(33,798)
Administrative expenses		(55,530)	(41,764)
Other expenses		(179,045)	(97,883)
Loss before income tax expense		(2,997,825)	(1,816,998)
Income tax benefit		135,289	-
Net loss for the period		(2,862,536)	(1,816,998)
Basic loss per share		(0.43 cents)	(0.43 cents)
Diluted loss per share		(0.43 cents)	(0.43 cents)

The accompanying notes form part of these financial statements

CONDENSED BALANCE SHEET
AS AT 31 DECEMBER 2006

	Notes	Consolidated 31 December 2006 $	30 June 2006 $
Assets			
Current Assets			
Cash and cash equivalents		25,360,122	14,210,940
Trade and other receivables		115,299	30,756
Other financial assets		-	176,869
Total Current Assets		25,475,421	14,418,565
Non-Current Assets			
Available for sale financial assets		558,313	365,943
Property, plant and equipment		466,741	230,140
Deferred exploration expenditure	6	55,247,740	7,525,157
Intangible assets – geological database licence		1,474,083	1,636,366
Other financial assets		46,676	26,676
Total Non-Current Assets		57,793,553	9,784,282
Total Assets		83,268,974	24,202,847
Current Liabilities			
Trade and other payables		565,060	262,373
Total Current Liabilities		565,060	262,373
Non-Current Liabilities			
Deferred tax liabilities		-	135,289
Total Non-Current Liabilities		-	135,289
Total Liabilities		565,060	397,662
Net Assets		82,703,914	23,805,185
Equity			
Issued capital	3	115,837,540	56,493,400
Reserves	3	4,173,458	1,756,333
Accumulated losses		(37,307,084)	(34,444,548)
Total Equity		82,703,914	23,805,185

The accompanying notes form part of these financial statements

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2006

	Note	Consolidated	
		31 December 2006 $	31 December 2005 $
Total equity at the beginning of the reporting period		23,805,185	4,621,078
Fair value adjustment on investment recognised in equity		192,370	(159,572)
Movement in foreign exchange reserve		14,755	-
Net income/(expense) recognised directly in equity		207,125	(159,572)
Loss for the reporting period		(2,862,536)	(1,816,988)
Total recognised income and expense		(2,862,536)	(1,816,988)
Transactions with equity holders in their capacity as equity holders:			
Contributions of equity	3(b)	59,344,140	5,827,500
Movement in equity compensation reserve	3(c)	2,210,000	2,886,940
Total equity at the end of the reporting period		82,703,914	11,358,948

The accompanying notes form part of these financial statements

CONDENSED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2006

	Note	Consolidated 31 December 2006 $	Consolidated 31 December 2005 $
		Inflows/(Outflows)	
Cash flows from operating activities			
Payments to suppliers and employees		(585,822)	(390,989)
Payments for exploration		(1,334,188)	(398,291)
Interest received		389,932	67,357
Other receipts		3,052	-
Net cash (used in) operating activities		(1,527,026)	(721,923)
Cash flows from investing activities			
Payments for property, plant and equipment		(253,160)	(59,033)
Payments to acquire mineral assets		(2,827,108)	(916,710)
Proceeds form the sale of shares		-	118,511
Proceeds on expiry of security deposits		176,869	-
Payments to security deposits		(20,000)	-
Net cash (used in) investing activities		(2,923,399)	(857,232)
Cash flows from financing activities			
Proceeds from issue of shares		15,651,790	157,500
Payment of share issue costs		(52,183)	-
Net cash provided by financing activities		15,599,607	157,500
Net increase/(decrease) in cash held		11,149,182	(1,421,655)
Cash and cash equivalents at the beginning of the period		14,210,940	3,536,679
Cash and cash equivalents at the end of the period		25,360,122	2,115,024

The accompanying notes form part of these financial statements

Note 1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) Basis of preparation and Statement of Compliance

The half-year condensed financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporation Act 2001, applicable accounting standards including AASB 134: Interim Financial Reporting, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The half-year interim financial report complies with AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures that the half-year financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standard IAS 34: Interim Financial Reporting.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2006 and any public announcements made by Deep Yellow Limited during the half-year, in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the consolidated entity as in the full financial report.

For the purposes of preparing the half-year report, the half-year has been treated as a discrete reporting period.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar.

This half-year interim report has been prepared on a going concern basis. In arriving at this position the Directors have had regard to the fact that the Company has sufficient cash and other assets to fund administrative and other committed expenditure for the next twelve months. To the extent that the Company's objectives change requiring additional expenditure, the directors will endeavour to source additional capital to fund the increased expenditure.

(b) Significant accounting policies

The half-year financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2006, except for the adoption of amending standards mandatory for annual periods beginning on or after 1 July 2006, as described in note 1(c).

Note 1 Summary of significant accounting policies (continued)

(c) Australian accounting standards that have recently been issued or amended and are effective from 1 July 2006 are outlined in the table below:

Reference	Title	Summary	Application Date of Standard	Impact on Group Accounting Policies	Application Date
AASB 2005-4	Amendments to Australian Accounting Standards [AASB 139, AASB 132, AASB 1, AASB 1023 & AASB 1038]	The July 2004 version of AASB 139 included a free-choice option to designate any financial asset or financial liability at 'fair value through profit or loss' except for equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. AASB 2005-4 makes amendments relating to the restriction on designating financial instruments through profit and loss.	For annual periods beginning on or after 1 January 2006	No change to accounting policy required. Therefore no impact.	1 July 2006
AASB 2005-5	Amendments to Australian Accounting Standards [AASB 1 & AASB 139]	Consequential amendments made to AASB 1 due to the issue of UIG Interpretations 4 'Determining whether an Arrangement contains a Lease'. Consequential amendments also made to AASB 139 due to the issue of UIG Interpretations 5 'Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds'.	For annual periods beginning on or after 1 January 2006	No change to accounting policy required. Therefore no impact.	1 July 2006
AASB 2005-6	Amendments to Australian Accounting Standards [AASB 3]	The definition of 'contribution by owners' is removed and the AASB 3 scope exclusion for business combinations involving entities or businesses under common control is adopted.	For annual periods beginning on or after 1 January 2006	No change to accounting policy required. Therefore no impact.	1 July 2006
AASB 2006-1	Amendments to Australian Accounting Standards [AASB 121]	The amendment clarifies the requirements relating to an entity's investment in foreign operations and assists the financial reporting of entities with investments in operations that have a different functional currency.	For annual period ending on or after 31 December 2006	No change to accounting policy required. Therefore no impact.	1 July 2006
Interpretation 5	Rights to interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	Provides guidance on how a contributor should account for its interest in a decommissioning, restoration and rehabilitation funds.	For annual periods beginning on or after 1 January 2006	No change to accounting policy required. Therefore no impact.	1 July 2006

Note 1 Summary of significant accounting policies (continued)

The following amendments and new standards are not applicable to the Group and therefore have no impact:

AASB2004-3	AASB1 *First-time adoption of IFRS*, AASB101 *Presentation of financial statements*, AASB119 *Employee benefits*.
AASB2005-1	AASB139 *Financial instruments – recognition and measurement*.
AASB2005-3	AASB119 *Employee benefits*.
AASB2005-9	AASB4 *Insurance contracts*, AASB132 *Financial instruments – disclosure and presentation*, AASB139 Financial instruments – recognition and measurement, AASB1023 *General insurance contracts*.
AASB2006-3	AASB1045 *Land under roads.*
AASB119 (revised)	AASB119 *Employee benefits*.
Interpretation 4	Determining whether an arrangement contains a lease.
Interpretation 6	Liabilities arising from participation in a specific market - waste electrical and electronic equipment.
Interpretation 7	AASB129 *Financial reporting in hyperinflationary economies*.
Interpretation 8	Scope of AASB 2 *Share based payments*.
Interpretation 9	Reassessment of embedded derivatives.

Note 2 Loss before tax

	Consolidated	
	31 December 2006 $	31 December 2005 $
Loss before tax includes:		
(a) Other income		
Gain on the sale of shares in unlisted subsidiary	-	578,371
Sundry income	3,052	-
	3,052	578,371
(b) Depreciation and amortisation		
Depreciation of plant and equipment	28,496	3,460
Amortisation of geological data base	162,463	140,928
	190,959	144,388
(c) Employee expenses		
Wages and salaries	70,650	22,277
Directors fees	20,000	35,000
Superannuation	10,987	3,938
Share based payments	2,600,000	1,970,690
	2,701,637	2,031,905

Note 3 Issued capital and other reserves

	Consolidated 31 December 2006 $	Consolidated 30 June 2006 $
(a) Ordinary shares		
Issued and fully paid	115,837,540	56,493,400
(b) Movements in ordinary shares on issue		
At 1 July 2006	627,045,966	56,493,400
Shares issued on exercise of options	25,000,000	125,000
Shares issued in respect of acquisition of subsidiary – tranche 1	92,000,000	13,892,000
Shares issued under rights issue prospectus	129,387,731	15,526,527
Shares issued in respect of acquisition of subsidiary – tranche 2	82,000,000	29,520,000
Capital raising costs	-	(109,387)
Transfer to issued capital on exercise of options (c(i))	-	390,000
At 31 December 2006	955,433,697	115,837,540
(c) Reserves		
Equity compensation reserve (i)	4,060,250	1,850,250
Asset fair value adjustment reserve (ii)	98,453	(93,917)
Foreign exchange reserve	14,755	-
	4,173,458	1,756,333

	No.	$
(i) Movement in options during the period		
On issue at the start of the period	47,660,000	1,850,250
Options exercised	(25,000,000)	(390,000)
Options issued to Directors, employees and consultants	23,000,000	2,600,000
Expired unexercised during the period	-	-
On issue at the end of the period	45,660,000	4,060,250

(ii) Asset Fair Value Adjustment Reserve	
Reserve for the unrealised gain/(loss) on available for sale investments	
Balance at the start of the period	(93,917)
Incremental increase in the market value of investment in overseas listed entity	192,370
Balance at the end of the period	98,453

Note 4 Segment Reporting

The Company operates in two geographical locations being Australia and Namibia, Southern Africa and has one business unit, that being uranium exploration.

Primary reporting format – Geographical Segments

Consolidated	Australia		Namibia	
	31 December 2006 $	31 December 2005 $	31 December 2006 $	31 December 2005 $
Segment revenue and other income	367,917	671,318	25,067	-
Segment profit/(loss)	(2,872,907)	(1,816,998)	10,371	-

Note 5 Equity Based Compensation

During the reporting period an expense of $2,600,000 (31 December 2005: $1,970,690) was recognised in respect of options issued to directors, employees and consultants of the company (Note 3c(i)).

The fair value of the options vesting during the reporting period was determined by independent valuation using a binomial valuation methodology.

The 16,000,000 unlisted options issued to directors vested on the grant date of 20 December 2006, are exercisable at $0.555 on or before the expiry date of 30 November 2009 are valued at $0.1625 each. The risk free interest rate used in the valuation was 6% and a volatility applied of 75%.

The 7,000,000 unlisted options issued to employees and consultants of the company granted 27 December 2006 vesting 18 months and 30 months from grant date, exercisable at $0.45 and $0.60 each and expiring 31 December 2009 and 31 December 2010 respectively. The risk free interest rate used in the valuations was 6% and a volatility applied of 75%. Options expiring 31 December 2009 and 31 December 2010 were valued at $0.181 and $0.190 each respectively.

Note 6 Deferred Exploration Expenditure

	Consolidated	
	31 December 2006	30 June 2006
	$	$
Capitalised exploration expenditure	55,247,740	7,525,157

Exploration expenditure for the half year was $47,722,583 (December 2005: $398,291), of which $46,274,756 relates to the acquisition of Namibian exploration assets via the purchase of a subsidiary entity. Of this investment $43,412,000 was settled by the issue of ordinary share capital.

Note 7 Acquisition of Raptor Minerals Limited

During the six months to 31 December 2006 the company completed the acquisition of Raptor Minerals Limited; a British Virgin Islands registered company. Raptor Minerals Limited has a wholly owned Namibian subsidiary Reptile Mineral Resources and Exploration Pty Ltd, which in turn has a wholly owned subsidiary Reptile Uranium Namibia Pty Ltd (formerly Reptile Investments Four (Pty) Limited), a Namibian registered company, which holds three Exclusive Prospecting Licences and one application for an Exclusive Prospecting Licence in Namibia.

Note 7 Acquisition of Raptor Minerals Limited (continued)

Deep Yellow Limited funded the acquisition by payment of $2,580,000 on 13 October 2006 with an issue of 92,000,000 ordinary shares on 27 November 2006 and a second tranche transfer of 82,000,000 ordinary shares on 22 December 2006. In addition the company incurred professional and other expenses of $283,587 in relation of the acquisition of Raptor Minerals Limited.

The net assets acquired under the acquisition agreement were as follows:

	Fair value of assets acquired $
Cash assets	831
Deferred exploration expenditure	46,274,756
	46,275,587

Note 8 Contingent liabilities and contingent assets

Other than the following, there has been no change in contingent liabilities or contingent assets since the last annual reporting date.

During the six months to 31 December 2006 the company received a claim against the company and one of its directors, Dr Leon Pretorius, in respect of a breach of fiduciary duties in relation to the negotiations for the acquisition of Raptor Minerals Limited. At the date of this report the directors do not believe that the company will be subject to a successful claim in relation to this matter.

Note 9 Events after balance sheet date

Other than the following, no event or circumstance has arisen since 31 December 2006 that would require disclosure in the financial report.

On 5 January 2007 the company completed the purchase of a property in the Mt Isa region of Queensland for an amount of approximately $400,000.

On 2 February 2007 the company completed the acquisition of Superior Uranium Pty Ltd, a company with interests in Queensland, by the issue of 20,000,000 ordinary shares at $0.475 each, amounting to total consideration of $9,500,000.

On 15 February 2007 the company entered into an agreement with Toro Energy Limited to sell its Napperby Uranium Project in the Northern Territory. Toro Energy Limited will make an initial payment to Deep Yellow Limited by way of the issue of 3,066,667 ordinary shares, equating to $2,300,000 before 25 March 2007. In addition, Toro Energy Limited is required to spend a minimum of $750,000 per year for three years to delineate and upgrade the current resource. Toro Energy has the option to purchase 100% of the project by paying Deep Yellow Limited for the in ground resource at between $4.50 and $6.00 per pound, less the initial payment.

On 28 February 2007 the company issued 21,459,541 ordinary shares at $0.425 each, totalling $9,120,305 to Matrix Metals Limited. The share issue forms part of the consideration for the initial earn in to acquire a 51% interest in the North West Queensland Joint Venture.

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 3 to 12:

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

    b. give a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance for the half-year then ended.

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

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

On behalf of the Board of Directors.

Leon Pretorius
Director
Dated this 15th day of March 2007

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Australia

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To the members of Deep Yellow Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying 31 December 2006 financial report of Deep Yellow Limited and the entities it controlled ("the Group") during the period, which comprises the condensed balance sheet as at 31 December 2006, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the period ended on that date, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the interim Financial Report
The directors of the Group are responsible for the preparation and fair presentation of the 31 December 2006 financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the 31 December 2006 financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim 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 2006 and its performance for the period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the Corporations Regulations 2001 and other mandatory financial reporting requirements in Australia. As the auditor of Deep Yellow Limited and the entities it controlled during the interim period, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim 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.

ERNST & YOUNG

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 interim financial report of Deep Yellow Limited and the entities it controlled during the half-year, is not in accordance with:

(a) the Corporations Act 2001, including:
   (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance for the six months ended on that date; and
   (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin A. Buckingham
Partner
Perth
15 March 2007