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25 October 2005

Company Announcements Office Australian Stock Exchange Limited By e-Lodgement 1 page

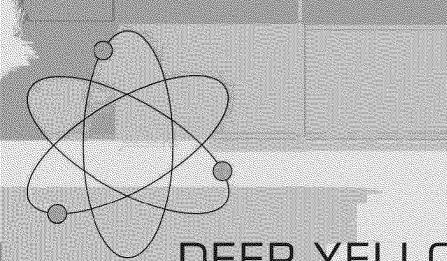
Dear Sir / Madam

## 2005 Annual Report and Notice of AGM

Enclosed please find 2005 Annual Report and Notice of Annual General Meeting to be dispatched to shareholders tomorrow.

Yours faithfully Deep Yellow Limited

GILLIAN SWABY Director



# DEEP YELLOW LIMITED

ABN 97 006 391 948 -

ANNUAL REPORT

2005

## CORPORATE DIRECTORY

### Registered Office

Level 1, 329 Hay Street

Subjaco Western Australia 6008

Telephone: (08) 9286 6999 Facsimile: (08) 9286 6969

#### Postal Address

PO Box 1770

Subiaco WA 6904

#### **Auditors**

Ernst & Young
Chartered Accountants
11 Mounts Bay Road
Perth, Western Australia 6000

## **Share Registry**

Computershare Investor Services Pty Limited Level 2, Reserve Bank Building

LOVO A, 1 TOOSI VO EXTRIC DONOR!

45 St George's Terrace

Perth, Western Australia 6000

Telephone: 1300 557 010 Facsimile: (08) 9323 2033

#### Stock Exchange Listing

The Company's securities are quoted on the official. list of the Australian Stock Exchange Ltd. the home branch being Perth.

#### Website address:

www.deepyellow.com.au

ASX Code: DYL

#### **Board of Directors**

Dr Leon Pretorius (Executive Chairman)
Ms Gillian Swaby (Non-Executive Director)
Mr Martin Kavanagh (Non-Executive Director)

### **Company Secretary**

Mr Mark Pitts

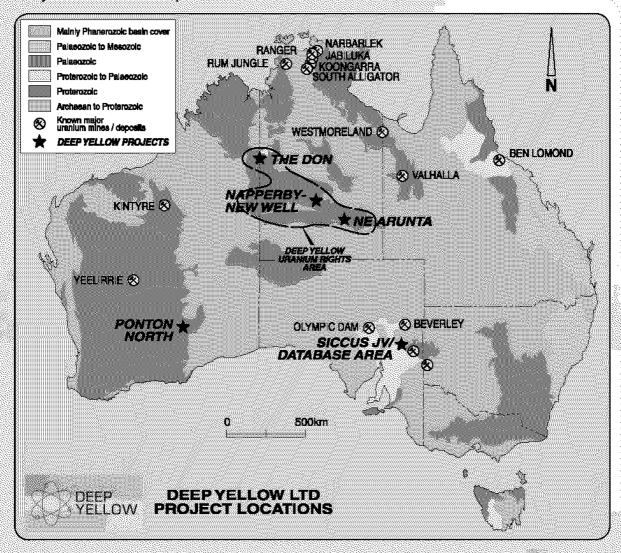
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## **DEEP YELLOW LIMITED**

## HIGHLIGHTS

- Focused uranium exploration company
- > Advanced exploration projects in Australia
- Resource definition drilling on New Well, Napperby Project completed
- JORC reserve on New Well, Napperby Project due in November 2005
- Assessment of exploration targets has commenced
- Share Purchase Plan announced in October 2005 to raise \$8 million

## **Project Location Map**



## **REVIEW OF OPERATIONS**

## **Deep Yellow Projects:**

1) Napperby Project	Northern Territory	100%
2) North East Arunta Project	Northern Territory	100%
3) Tanami - Arunta Province	Northern Territory	100%
3) Tanami – Arunta Province	Western Australia	Uranium Rights
4) Sicous JV	South Australia	90%
5) Ponton North Project	Western Australia	100%

## NORTHERN TERRITORY

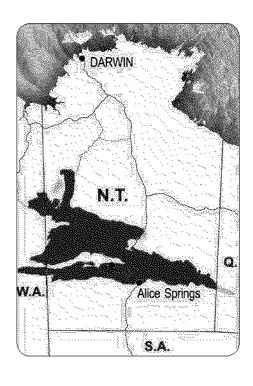
## 1) Napperby Project

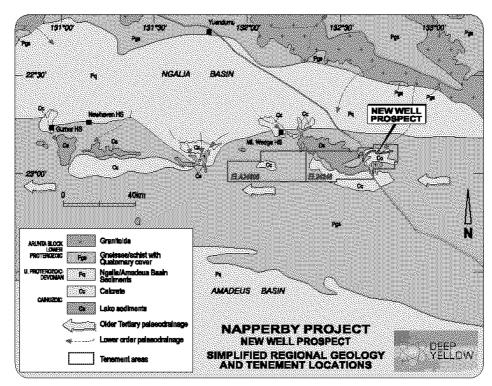
#### Location

The Napperby Project is located 150 km northwest of Alice Springs in the Northern Territory of Australia and consists of one exploration licence covering 809 km². The Napperby Project hosts a large area of previously defined uranium mineralisation known as the New Well Prospect.

#### **New Well Prospect**

In the late 1970's Uranerz Australia Pty Ltd (Uranerz) drilled 820 shallow air core and auger holes at Napperby, culminating in resource definition work and a pre-feasibility study. The drilling conducted by Uranerz delineated a 20 km x 4 km mineralised palaeodrainage known as the New Well Prospect. On the back of that drilling Uranerz carried out an economic orientation study on the project based on a range of between 5,700-6,200 tonne (t) contained  $\rm U_3O_8$  within a grade range of 0.036-0.038%. The mineralised zone is 0.5 -5 metre (m) thick and occurs between 3 m and 10 m from surface.



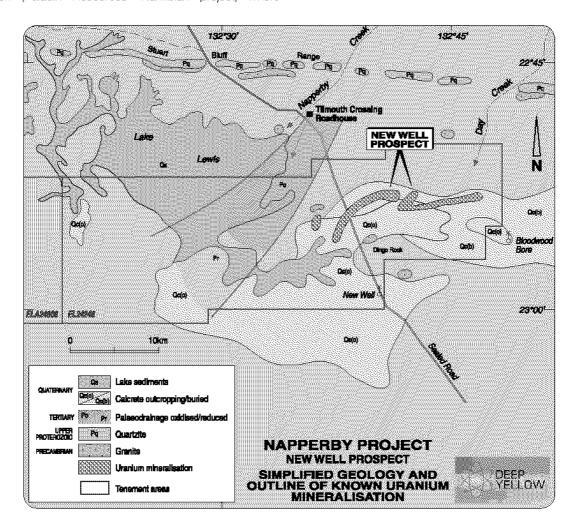


## Napperby Project (Continued)

#### Sand Hosted

The New Well Prospect mineralisation is reported by Uranerz to occur predominantly in the reduced carbonate sand and sandy clay of channel sediments. This mineralisation is similar to other prominent Uranium deposits, such as Langer-Heinrich (Paladin Resources' Namibian project) where

alkaline leaching will be used in the extraction process. Deep Yellow believes that test work will similarly show the New Well Prospect mineralisation to be amenable to alkaline leaching.



#### **Drilling Completed**

On 18 August 2005 the Company announced the completion of resource definition drilling on the Napperby Project. The drilling programme consisted of 569 holes drilled with each hole being about 10 m deep. In excess of 2,700 samples were collected and submitted for chemical analysis. Radiometric logging of the holes has been carried out, however, disequilibrium factors require chemical verification.

As stated in the Australian Stock Exchange release dated 25 July 2005, the aim of this drilling programme was to define mineralisation in excess of 6,000 t ( $\sim$  13 million lbs) of contained U $_{\circ}O_{a}$ .



Napperby August 2005

## Napperby Project (Continued)

This target is based on the historical results of 9,000 m of drilling carried out by Uranerz as reported in 1979. The historical drilling was carried out on drill hole spacings of 300m x 400m. A trial area drilled by Uranerz at spacings of 100m x 100m showed a 40% increase in grade but only a 10% tonnage decrease compared to the wider spaced drilling.

Following receipt of the assays, a new (JORC Compliant) resource estimate for Napperby will be undertaken by geological consultants Hellman & Schofield. This resource estimate should be available in October or early November.

\* It should be noted that the above information describing mineralisation has not been prepared in compliance with the JORC Code 2004. The statement is based on estimates made in a report by Uranerz in 1979. The Uranerz report used polygons centred on holes drilled on 300m x 400m, 300m x 200m, 300m x 100m and 100m x 100m grids. The calculations were performed using a 200ppm and 0.5m



Napperby August 2005

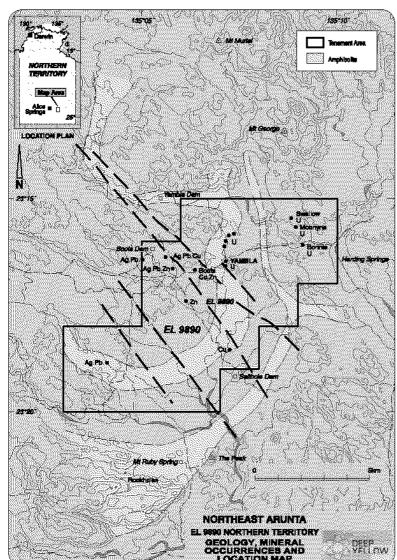
sample interval cut-off. Two calculations were employed, one using a strict 200ppm cut-off for each assay and the second incorporating values greater than or equal to 100ppm such that the polygon average was still above the 200ppm cut-off. The potential quantity and grade of the above information is conceptual in nature and to date there has been insufficient

exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource. The purpose of the drilling programme is to define a JORC compliant resource.

# 2) North East Arunta Project NE Arunta Project (EL9890) (DYL 100%)

The NE Arunta Project is located in the Proterozoic Arunta block, approximately 270 km NNE of Alice Springs. Exploration by previous workers defined a 1,400 m long radiometric anomaly (Yambla Prospect) within the Yambla Amphibolite. Drilling and trenching of the Yambla Amphibolite by PNC, a major Japanese explorer in the 1980's, defined a 1 to 10m thick alteration zone within which sporadic occasionally very high grade uranium mineralisation occurs in the form of egg-shaped nodules of uraninite grading 1-10% U<sub>2</sub>O<sub>3</sub>.

Fifteen (15) of the trenches dug by PNC showed mineralisation of which two have reasonable zones of high grade material. Better trench assays of channel samples (0.5 to 1.0 m) ranged between 0.1-10% U<sub>3</sub>O<sub>2</sub>. Elsewhere, assays adjacent to mineralisation ranged between 10 and 200 ppm U<sub>3</sub>O<sub>2</sub>. One campaign of diamond drilling (13 holes) was completed, with two holes showing moderate downhole anomalies. All holes intersected at least some alteration proving the wide extent of the mineralising system.



## North East Arunta Project (Continued)

Drillhole assays ranged between 5 and 50 ppm  $U_aO_8$  in altered rock while unattered amphibolite was all <5 ppm  $U_aO_8$ .

Previous explorers have found it difficult to determine the extent and distribution of the uranium rich nodules. After reviewing existing data Deep Yellow plans to carry out drifling to determine the distribution and potential economics of the Yambla Prospect and locate the source of the extremely high grade egg-sized pods of near surface uranium mineralisation.

#### Paladin Data Base Licence and Technical Support

Paladín Resources Ltd (Paladin) has granted Deep Yellow an exclusive licence to use data from the Paladín database (acquired by Paladín from Uranerz) in relation to the Napperby and NE Arunta project areas and surrounding areas within an approximate 50 km radius. After 5 years, the licence will revert to a non-exclusive royalty free licence in perpetuity.

## 3) Uranium Rights to 60,000km² in Tanami-Arunta Province from Tanami Gold

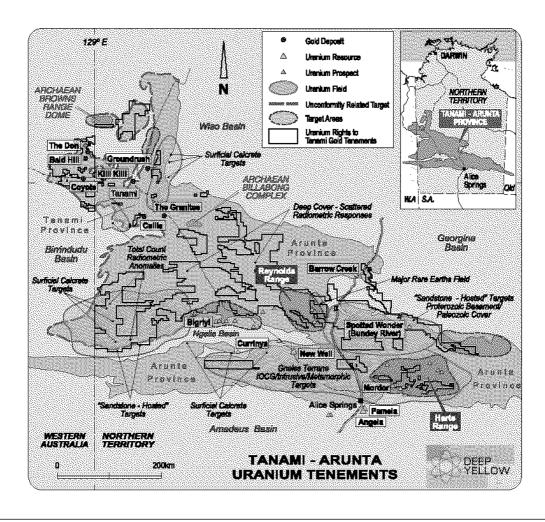
#### The Acquisition

On 29 June 2005 the Company advised that it had acquired the uranium rights to all of Tanami Gold NL's (Tanami) tenements in the Tanami-Arunta Province of the Northern Territory and

Western Australia. This acquisition provides Deep Yellow with access to an extensive exploration package containing numerous prospective targets for uranium exploration and builds on the Company's existing commitment to exploration in the Northern Territory via its Napperby and NE Arunta Projects. Deep Yellow is responsible for negotiating access to the areas of interest (CLC and Native Title).

In the 1970's and early 1980's extensive uranium exploration programs were conducted in the Alice Springs region where companies had access to Crown Land. Numerous small veintype metasomatic uranium occurrences were located in the highly metamorphosed granulite facies complexes in the Harts Range area. Additionally outcropping sandstone - hosted deposits were found at Bigrlyi and Angela. Surficial, calcrete-hosted deposits (e.g. Currinya) and redox palaeo-channel deposits (e.g. New Well, see above) were also discovered. Although a significant uranium footprint was identified in the district the real focus at the time shifted after discovery of the world-class Alligator River uranium field in the 'top-end' of the Northern Territory, leaving the Alice Springs region under-explored.

The acquisition of the uranium rights to the Tanami Gold tenements represents a major opportunity for Deep Yellow to gain access to large areas of the Tanami-Arunta Province.



## Tanami-Arunta Province (Continued)

The ability to share management costs to maintain such a grouping with a stable and successful partner with extensive regional geological datasets and a proven and highly regarded working relationship with Land Councils and Traditional Aboriginal Owners will be invaluable.

The Tanami-Arunta Province presents a range of uranium targets that, in general, has been neglected over the past 10-15 years. The Tanami Province is probably the only realistic target area for the Unconformity-Style Uranium left in Australia outside the National Parks (Rudall River and Kakadu-Alligator River) and Arnhem Land.

The acquisition builds on the Company's existing Napperby and NE Arunta Projects and provides significant potential for further work on areas which have been previously explored by other companies in the 1970's exploration boom.

### **Analogues to Uranium Deposit Types**

The geological settings of the major uranium deposit types have analogues in the Tanami-Arunta Province:

- Surficial Deposits Yeelirrie (Western Australia) and Langer Heinrich (Namibia): The New Well and Currinya redox/calcrete deposits were discovered in recent alluvial channels and muddy saline deltaic fans. Numerous internal drainage channels remain to be investigated in the Tanami-Arunta area.
- Unconformity-Related Deposits Alligator Rivers
  (Northern Territory), Athabasca Basin (Canada):
  Analogous to both type-areas, Archaean gneiss domes
  and early Proterozoic Tanami Complex basement terrane
  intruded by syntectonic granites are unconformably
  overlain by mid to younger Proterozoic sandstone cover
  sequences occur within the Tanami area.
- IOCG/Breccia Complex Deposits Roxby Downs, Prominent Hill (South Australia): The ±1500 m.y Cu-Au-U hydrothermal event in the Gawler Craton (Roxby Downs) may also have occurred within the Arunta Block.
- Sandstone-Hosted Deposits The Bigryli and Angela deposits (Northern Territory) and the Beverley and Honeymoon deposits (South Australia) are examples of this style of mineralisation. Worldwide these rollfront deposits occur in younger sedimentary basins. Tertiary to recent sandstone filled basins are known to exist under the extensive transported sand cover of the Tanami Province.

 Metasomatic-Metamorphic Deposits - The Valhalla and Mary Kathleen deposits (Mt Isa) and the Harts Range area (Alice Springs): The small high grade occurrences in the Harts Range regionally metamorphosed terrane show that uranium has been extensively re-mobilized during younger retrogression and that potential exists for larger disseminated and/or replacement deposits.

### Areas Targeted by Deep Yellow

#### Unconformity Uranium Model

The basic parameters for this model are:

- Archaean granitic gneiss basement as both a heat (fluid) and uranium source.
- Lower Proterozoic metamorphosed pelitic rocks with chloritic, dolomitic and graphitic components.
- · Middle to Lower Proterozoic sedimentary cover rocks.
- Structural pathways.

All of these parameters exist in the Tanami Province. The large group of tenements in the western portion of the Tanami Province conceptually contain prime uranium targets.

#### Lake Mackay

Conceptually this area has long been of interest to uranium explorers. The remote area logistics and lack of negotiated native title access along with the general uranium downturn have all contributed to the lack of exploration in the area.

#### Browns Range Dome and Adjacent Areas

These areas also fit the general unconformity model well. PNC carried out exploration in these areas from 1987 to 1992. Several uranium anomalies were discovered indicating that uranium has been mobilised. A re-evaluation of the open file data may prove useful as the PNC exploration tended to be stratigraphy orientated and an evaluation of any structural corridors may be more successful.

#### Known Uranium Prospects

Deep Yellow's investigations show that the known uranium prospects The Don and Deva are covered by the Tanami tenement holdings. Exploration at The Don located several low-grade uranium intersections (generally < 500 ppm) in the order of 0.5-1 m thick within an irregular retrogressed fault zone. The best result returned was 45cm @ 4.65%  $\rm U_2O_8$ . The Deva area was apparently not adequately drill tested.

Various companies including Energy Reserves Canada, BHP & CEGB during 1978 through to 1990 carried out uranium exploration in the area. Due to the general downturn in uranium exploration and due to the dominant position of the gold explorers in the area the west Tanami has been seriously under explored for uranium.

## SOUTH AUSTRALIA

## 4) Frome Basin Database and Siccus JV (DYL 90%)

On 18 July 2005 the Company announced that it had entered into a conditional agreement with Paladin Resources Ltd to acquire its 90% interest in the Slccus joint venture in the Frome Basin of South Australia and the acquisition of an exclusive licence to exploit Paladin's database over the highly prospective Frome Basin in South Australia. The agreement settled on 15 September 2005.

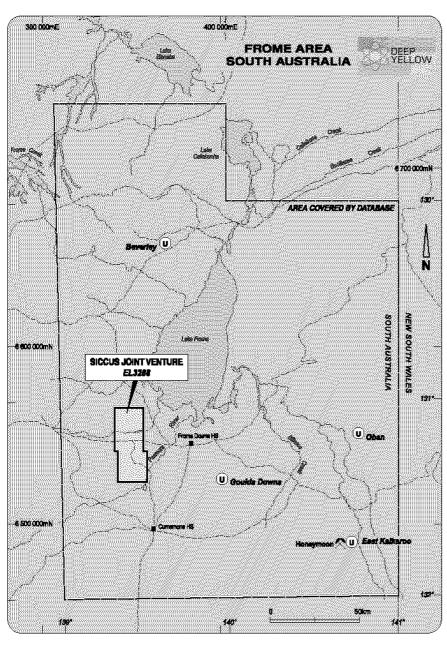
#### Details

The acquisition of Paladin's 90% interest in the Siccus Joint Venture in the Frome Basin of South Australia is the Company's first foray into the South Australian uranium

exploration province. This acquisition coupled with the acquisition of an exclusive licence to Paladin's Frome Basin database is expected to deliver to Deep Yellow a strong competitive advantage in this uranium province.

The Frome Basin of South Australia is located 500 km north of Adelaide and is roughly 50,000 km² in size. Uranium exploration commenced in 1968 and continued until the early 1980's, focusing on targets occurring within Tertiary palaeochannel systems. Two substantial uranium deposits, Beverley and Honeymoon were discovered in this period. Beverley is the third operating uranium mine in Australia and is successfully utilizing In-Situ Leach (ISL) mining technology.

Previous work undertaken by Paladin has indicated that the region contains numerous radiometric downhole anomalies and other prospective targets that remain inadequately tested.



#### Siccus JV

The Siccus JV lease covers approximately 45 km of prospective channel sands (with three target zones for uranium roll front mineralisation) and 10 km of potential shoestring sands which holds significant potential for Beverley- type mineralisation in the Namba Formation.

Prior exploration has been very limited; sufficient to delineate the basic geology but insufficient to test for the presence of buried uranium. In particular two anomalous holes on the edge of the channel system were not adequately followed-up. Additionally the main channel, which drains highly uranium rich source rocks to the south, has only been tested by a single hole.

## WESTERN AUSTRALIA

## 5) Ponton North Project

On 18 July 2005 the Company announced that it had entered into a conditional agreement with A1 Minerals Ltd to acquire the Ponton North Exploration Licence Applications. The agreement settled on 15 September 2005.

As a consequence of the sale of the Mikado gold mining lease, Deep Yellow completed its transition to a 100% focused uranium player.

#### Ponton North Uranium Project Acquisition

The Ponton North acquisition will deliver to the Company Exploration Licence Applications (ELA's) covering approximately 1,150 km². The ELA's contain Tertiary palaeochannels considered highly prospective for uranium

and which connect the Mulga Rocks Uranium Deposit discovered by PNC Exploration to the north with the Paladín Ponton Project to the south.

Uranerz drilled the area in the 1980's and outlined a well defined Tertiary palaeochannel drainage system. This work outlined the Driller's Corner Prospect at which uranium mineralisation up to 0.14% was detected from widespaced drilling. In addition, two  $2\times0.5\,\mathrm{km}$  anomalous areas containing greater than 0.02%  $\mathrm{U_3O_8}$  were delineated during this work confirming that highly uraniferous waters flowed through these channel systems. Deep Yellow believes that the ground has the potential for tabular-type uranium deposits.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr Joseph Drake-Brockman who is a Member of The Australasian Institute of Mining and Metallurgy. Dr Drake-Brockman is employed by Drake-Brockman Geoinfo Pty Ltd. Dr Drake-Brockman has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Drake-Brockman consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

## DIRECTORS' REPORT

In accordance with a resolution of the directors, the following report is submitted in respect of the results of the Company and the consolidated entity constituted by the Company and the entities it controlled during all or part of, or at the end of, the financial year ended 30 June 2005, together with the state of affairs of the consolidated entity as at that date.

#### **Directors**

The names, qualifications, experience and special responsibilities of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for the periods stated.

#### Current directors:

#### Dr Leon Pretorius

Dr Pretorius is a geochemist and brings to Deep Yellow 34 years experience and an intimate knowledge of the uranium industry in both Australia and Africa. Until April this year he served for two years as an Executive Director of Paladín Resources Limited. He will continue his relationship with Paladín as a consultant.

Dr Pretorius was appointed a Non-executive Director of the Company on 7 June 2005 and remains in that position as at the date of this report. The appointment of Dr Pretorius significantly enhances Deep Yellow's ability to grow its business in uranium exploration and development through Dr Pretorius' experience, contacts and technical expertise.

#### Mr James Pratt

James Pratt holds a Bachelor of Science degree with Honours from the University of Western Australia as well as a Graduate Diploma in Finance and Investment with the Securities Institute of Australia. Mr Pratt has fourteen years experience in the mining industry incorporating both open cut and underground mining environments as well as exploration and recoverable resource estimation. Mr Pratt was appointed on 9 December 2004 and remains a director as at the date of this report.

Mr Pratt was a director of Green Rock Energy Limited a company listed on ASX, appointed 22 October 2004 and resigned on 25 February 2005.

#### Mr Gary Steinepreis

Gary Steinepreis holds a Bachelor of Commerce degree from the University of Western Australia and is a Chartered Accountant. Mr Steinepreis provides corporate, management and accounting advice to a number of companies involved in the resource, technology and leisure industries. He is a Director of Ascent Capital Pty Ltd.

Mr Steinepreis was appointed on 20 August 2004 and remains a director of the Company as at the date of this report.

Mr Steinepreis has held the following directorships of listed public companies in the last three years:

Name of Entity		Appointed	Resigned
fusia Limited		24/12/2003	15/12/2004
M Health Limited		16/04/2004	Current
OBJ Limited		13/02/2004	17/11/2004
Medivac Limited		15/09/2003	19/01/2004
Copperco Limited		11/02/2002	08/03/2002
Black Range Mine	rals Limited	08/01/2004	27/06/2005
Green Rock Energ	gy Limited	22/10/2003	10/05/2005
Extract Resources	: Limit@d	09/01/2003	20/01/2004
Resonance Health	Limited	18/10/2002	11/11/2003
Australian Develop	oment		
Capital Ltd		01/10/2003	30/09/2004
Salus Technologie	s Limited	18/08/2004	Current
View Resources L	imited	14/03/2002	10/06/2003
Service Stream Lir	mited	20/11/2003	12/01/2004
Bonaparte Diamoi	nd Mines NL	. 11/06/1997	15/05/2004
Peninsular Mineral	ls Limited	29/09/2003	08/12/2003

#### Former directors:

#### Mr David Steinepreis

David Steinepreis is a Chartered Accountant and former partner of an international accounting firm where he specialised in strategic corporate advice and taxation for listed companies. He entered commerce as a Director, adviser and major shareholder of a number of listed companies in the gold, diamonds, oil and new mining technology sectors. Mr Steinepreis is also chairman of Ascent Capital Pty Ltd. Mr Steinepreis was appointed to the board on 20 August 2004 and resigned on 7 January 2005.

Mr Steinepreis has held the following directorships of listed public companies in the last three years:

Name of Entity	Appointed	Resigned
ffusia Limited	24/12/2003	15/12/2004
Black Range Minerals Limited	08/01/2004	22/08/2005
M Health Limited	16/04/2004	Current
Green Rock Energy Limited	21/09/2000	10/05/2005
OBJ Limited	13/02/2004	08/12/2004
Salus Technologies Limited	18/08/2003	27/06/2005
Extract Resources Limited	04/09/2003	20/01/2004
Medivac Limited	15/09/2003	19/01/2004
Aeris Technologies Limited	01/08/2000	24/07/2002
Copperco Limited	11/02/2002	08/05/2002
Resonance Health Limited	18/10/2002	11/11/2003
View Resources Limited	14/03/2002	13/06/2003
IM Medical Limited	28/11/2003	16/09/2004
Service Stream Limited	20/11/2003	27/07/2004
Peninsular Minerals Limited	07/05/2003	22/03/2004
Imugene Limited	29/01/2002	30/08/2002
Australian Ethanol Limited	01/02/2002	05/12/2002

#### Mr Hugh Warner

Hugh Warner holds a Bachelor of Economics Degree from the University of Western Australia. Mr Warner has been involved with a number of private and publicly listed companies in Australia, UK and Canada involved in the oil and gas, gold, diamonds and technology sectors. He contributes general corporate and company secretarial management skills along with a strong knowledge of both the Australian and UK Stock Exchange requirements. Mr Warner is a Director of Ascent Capital Pty Ltd. Mr Warner was appointed to the board on 20 August 2004 and resigned on 18 July 2005.

Mr Warner has held the following directorships of listed public companies in the last three years:

Name of Entity	Appointed	Resigned
Fusia Limited	24/12/2003	15/12/2004
Black Range Minerals Limited	08/01/2004	27/06/2005
M Health Limited	16/04/2004	Current
Green Rock Energy Limited	21/09/2000	Current
OBJ Limited	13/02/2004	Current
Salus Technologies Limited	18/08/2003	27/06/2005
Extract Resources Limited	09/01/2003	20/01/2004
Medivac Limited	15/09/2003	19/01/2004
Aeris Technologies Limited	01/08/2000	04/10/2002
Copperco Limited	11/02/2002	08/03/2002
Resonance Health Limited	18/10/2002	11/11/2003
View Resources Limited	14/03/2002	10/06/2003
IM Medical Limited	28/11/2003	16/09/2004
Service Stream Limited	20/11/2003	27/07/2004
Peninsular Minerals Limited	29/09/2003	08/12/2003

#### Mr Rick Crabb

Mr Crabb joined the Board on 11 April 2003 and resigned on 20 August 2004. He holds degrees of Bachelor of Jurisprudence (Honours), Bachelor of Laws and Master of Business Administration from the University of Western Australia. Mr Crabb is currently a director of Paladin Resources Ltd (since 1994), Port Bouvard Ltd (since 1996), Ashburton Minerals Ltd (since 1999), Thundelarra Exploration Ltd (since 2003) and Ottoman Energy Ltd (since 2004). In the last three years he was a former director of ST Synergy Ltd (from 2001 to 2005) and Aldershot Resources Ltd (from 2004 to 2005).

#### Dr Alistair Cowden

Dr Cowden joined the Board on 11 April 2003 and resigned on 20 August 2004. Dr Cowden has a BSc (Hons), Geology from the University of Edinburgh and a PhD in Geology from the University of London. He is currently a director of Vulcan Resources Limited, Rox Resources Limited and Australis Aquaculture Limited. During the last three years, Dr Cowden has also served as a director of Magnetic Minerals Limited and Australian Cancer Technology Limited.

#### Mr Brett Dickson

Mr Dickson joined the Board and was appointed Company Secretary on 11 April 2003 and resigned on 20 August 2004. Mr Dickson is a Certified Practising Accountant with a Bachelors degree in Economics and Finance from Curtin University. Mr Dickson is currently a director of Vulcan Resources Limited and during the last three years he has also served on the board of Australian Cancer Technology Limited.

#### Mr John Blue

Mr Blue was appointed to the Board on 29 June 1992 and resigned on 20 August 2004. He is a graduate in law from the University of Western Australia. Mr Blue does not hold any other public company directorships.

#### Company Secretary

The Company has joint company secretaries:

#### Mr Gary Steinepreis

Gary Steinepreis holds a Bachelor of Commerce degree from the University of Western Australia and is a Chartered Accountant. Mr Steinepreis provides corporate, management and accounting advice to a number of companies involved in the resource, technology and leisure industries.

#### Mr Paul Hearne

Mr Hearne holds a Bachelor of Commerce Degree from the University of Western Australia. He has worked in most aspects of commercial business, in Australia, South East Asia, Europe, Africa and North America. His experience includes management roles within a variety of industries, which has covered areas such as product and technology marketing, budgeting, contract management and international contracting and licensing. He provides corporate, management and accounting advice to a number of corporations involved in the resource, technology and industrial sectors. Mr Hearne was previously company secretary of Green Rock Energy Limited.

## Interests in the Shares and Options of the Company

At the date of this report the interests of the directors in the shares and other equity securities of the Company were:

Ordinary Shares Unlisted Options
James Pratt 3,125,000 10,000,000
Leon Pretorius 15,000,000 15,000,000
Gary Steinepreis 5,000,000

Loss Per Share
Cents
Basic loss per share 0.32
Diluted loss per share 0.32

#### Dividends

No dividend was paid or declared by the Company in the period since the end of the previous financial year, and up to the date of this report. The directors do not recommend that any amount be paid by way of dividend for the financial year ended 30 June 2005.

#### Corporate Structure

Deep Yellow Limited, the parent entity, is a company limited by shares that is incorporated and domiciled in Australia. Deep Yellow Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year, which are outlined in Note 9 of the financial statements.

#### Nature of Operations and Principal Activities

The principal activities of the consolidated entity during the financial year were the exploration and mining over several different exploration targets, which were principally uranium and gold.

#### Consolidated Results

The consolidated net loss of the consolidated entity for the financial year after income tax was \$660,696 (2004: \$2,955,239).

## Review of Operations and Significant changes in the State of Affairs

The review of operations covers the reasons which lead to the recapitalisation of the Company and continued business. The prior operations of the Company are not relevant as a result of the Deed of Company Arrangement. During mining of the Mikado Gold Deposit difficulties arose due to poor continuity and highly variable gold distribution, problems with the ore body grade control and dilution during mining around stopes. As a result of these difficulties, the returns were significantly lower than the mine model predictions and the Company did not have sufficient working capital to continue operations.

On 22 June 2004, the Directors of Deep Yellow Limited (Deep Yellow or the Company) appointed Christopher Munday and Bryan Hughes of Pitcher Partners as Joint and Several Administrators (Administrator) of the Company under Section 436A of the Corporations Act. On 23 June 2004 the Company's securities were suspended from trading on the Official List of Australian Stock Exchange Limited.

At a meeting of creditors held on 20 July 2004, creditors voted in favour of the Company entering into a deed of company arrangement with Ascent Capital Pty Ltd ("Ascent Capital") in order for Ascent Capital to recapitalise the Company ("Recapitalisation Proposal"). On 10 August 2004, the Deed of Company Arrangement was executed by the relevant parties and nominees of Ascent Capital being David Steinepreis, Hugh Warner and Gary Steinepreis were appointed Directors of the Company on 20 August 2004.

The Deed of Company Arrangement, subject to conditions being met, required that an amount of \$500,000, the issue of 10,000,000 shares at a deemed issue price of 1 cent and certain assets and rights of the Company be made available for the satisfaction of the claims of creditors and to meet the costs of the Administrator and Deed Administrator. Ascent Capital provided the additional funding to meet the costs associated with the Notice of General Meeting and arranged \$500,000 in additional loan funds, via a conditional loan agreement, to enable the Company to meet the terms of the Deed of Company Arrangement.

The proposal from Ascent Capital required members in a General Meeting which was held on 27 October 2004 to vote on and pass resolutions to enable the Company to satisfy the terms of the Deed of Company Arrangement.

The shareholders passed the resolutions and the Company raised equity funds of \$1,751,000 and settled the Deed of Company Arrangement via the payment of \$500,000. The Company was reinstated to trading on the ASX on 1 December 2004.

On 9 December 2004, the Company acquired two advanced Uranium projects from Paladin Energy Minerals NL, a whofly owned subsidiary of Paladin Resources Ltd (Paladin). The projects are known as Napperby and NE Arunta and both are located in the Northern Territory.

The consideration paid by Deep Yellow to Paladin comprised:

- 1) \$100,000 cash; and
- 2) 2% gross royalty; and
- 3) 15,000,000 ordinary shares in Deep Yellow; and
- 4) 25,000,000 options, each option granting Paladin the right to acquire one ordinary share in Deep Yellow exercisable at 1 cent each on or before 31 December 2007.

The Company has focussed on the development of its Uranium projects and raised \$2,990,000 of further equity capital in two separate placements. On 29 June 2005, the Company announced that it had entered into a conditional agreement to acquire the rights to Tanami Gold NL's and Tanami Exploration NL's entire interest in any uranium minerals in their tenements in the Tanami-Arunta Province covering both the Northern Territory and Western Australia. The acquisition was subject to shareholder approval, which was obtained on 30 August 2005, and regulatory and third party consents. The consideration for the acquisition is 30,000,000 Shares, 15,000,000 of which are subject to escrow for 18 months, together with \$400,000. This acquisition will provide Deep Yellow with access to an extensive exploration package containing numerous prospective targets for uranium exploration and builds on the Company's existing commitment to exploration in the Northern Territory via its Napperby and NE Arunta Projects. The contract settled on 15 September 2005.

On 7 June 2005, the Company announced the appointment of Dr Leon Pretorius as a non-executive Director of the Company. As part of the consideration for Dr Pretorius joining the board, the board resolved to issue Dr Pretorius with 15,000,000 Executive Options. The issue was subject to shareholder approval, which was obtained on 30 August 2005 and the options were issued on 8 September 2005.

#### Significant Events after the Balance Date

The financial effect of the non-adjusting significant events after the balance date will be the same under both current AGAAP and AIFRS.

Shareholder approval to the Tanami Gold transaction, as mentioned above, was obtained on 30 August 2005. The contract settled on 15 September 2005.

On 18 July 2005, the Company announced that it had entered into a conditional agreement to acquire A1 Mineral Ltd's applications for exploration licences in the Ponton region of Western Australia and sell the Company's interest in the Mikado Gold Joint Venture. The agreement was subject to shareholder approval, which was obtained on 30 August 2005, approval of the trustee of creditors of the Deep Yellow Creditors Trust and regulatory consents. The consideration for the acquisition is 3,000,000 Shares together with transfer of the Company's 50% interest in the Mikado Gold Joint Venture and settlement of the Priority Deed. The areas the subject of the exploration licence applications contain tertiary palaeochannels, considered highly prospective for uranium and which connect the Mulga Rocks uranium deposit, discovered to the north, with the Paladin Ponton project to the south. The contract settled on 15 September 2005.

On 18 July 2005, the Company announced that it had entered into a conditional agreement to acquire Paladin Resources Ltd's 90% interest in the Siccus Joint Venture which relates to an exploration licence in the Frome Basin of South Australia and database on the Frome Basin. The agreement was subject to shareholder approval, which was obtained on 30 August 2005, and issue of the consideration in accordance with the Corporations Act. The consideration for the acquisition is 7,500,000 Shares and 12,500,000 Options. The acquisition is the Company's first foray into the South Australian uranium exploration province. The contract settled on 15 September 2005.

On 18 July 2005, the Company agreed to sell its Tanzanian prospecting licences to Uranium Resources plc (Uranium Resources), a company listed on the London Stock Exchange's AIM market, in consideration for £50,000 in cash and 6,000,000 shares valued at approximately £180,000 (a total consideration of approximately A\$575,000). The contract settled on 15 September 2005.

The resource definition drilling on Deep Yellow's 100% owned Napperby Project (150km northwest of Alice Springs) has been completed and the rig demobilised from site. There were 569 holes drilled with each hole being about 10 metre (m) deep. In excess of 2,500 samples have been collected and submitted for chemical analysis. Radiometric logging of the holes has been carried out however disequilibrium factors will require chemical verification. Following receipt of the assays, a new resource estimate for Napperby will be undertaken by independent geological consultants.

Other than the above, there has not been any matter or circumstance that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

#### Likely Developments and Expected Results of Operations

The directors have excluded from this report any further information on the likely developments in the operations of the consolidated entity and the expected results of those operations in future financial years, as the directors believe that it would be likely to result in unreasonable prejudice to one or more entities in the consolidated entity.

#### **Environmental Regulation and Performance**

The consolidated entity carries out operations in Western Australia, the Northern Territory and South Australia that are subject to environmental regulations under both Commonwealth and State legislation in relation to exploration activities. The consolidated entity has formal procedures in place to ensure regulations are adhered to. During the financial year there has been no significant breach of these regulations.

#### Share Options

Issued during the year and exercisable over ordinary shares in Deep Yellow:

- (a) 30,000,000 unlisted options issued under a prospectus dated 1 November 2004. Options are exercisable at 1 cent each at any time before 31 December 2007.
- (b) 25,000,000 unlisted options issued under a prospectus dated 9 December 2004. Options are exercisable at 1 cent each at any time before 31 December 2007.
- (c) 10,000,000 unlisted options issued on 4 March 2005. Options are exercisable at 2 cents each at any time before 31 December 2007.

Expired during the year and exercisable over ordinary shares in Deep Yellow:

- (a) 102,500 unlisted options over ordinary shares in the Company issued to employees on 15 March 2000. Of these, 82,500 were exercisable at \$2.50 each, 20,000 were exercisable at \$2.70 cents each. All options expired on 16 February 2005.
- (b) 20,000 unlisted options to subscribe for ordinary shares in the Company issued to an employee on 15 November 2000 at an exercise price of \$2 cents each. All options expired on 15 November 2004.

Exercised during the year and exercisable over ordinary shares in Deep Yellow:

- (a) 7,500,000 unlisted options exercised at a price of 1 cent per option exercised on 9 February 2005.
- (b) 3,750,000 unlisted options exercised at a price of 1 cent per option exercised on 21 February 2005.
- (c) 3,000,000 unlisted options exercised at a price of 1 cent per option exercised on 26 April 2005.

Issued since the end of the year and exercisable over ordinary shares in Deep Yellow:

- (a) 10,000,000 unlisted options issued on 8 September 2005. Options are exercisable at 5 cents each at any time before 31 December 2007.
- (b) 5,000,000 unlisted options issued on 8 September 2005. Options are exercisable at 7.5 cents each at any time before 31 December 2008.
- (c) 12,500,000 unlisted options issued on 15 September 2005. Options are exercisable at 12 cents each at any time before 31 July 2008.

Exercised since the end of the year and exercisable over ordinary shares in Deep Yellow:

(a) 15,750,000 unlisted options exercised at a price of 1 cent per option exercised on 5 September 2005.

Outstanding at the date of this report:

- (a) 160,000 unlisted options to subscribe for ordinary shares in the Company issued to staff and contractors at an exercise price of 35 cents each. All options expire on 1 January 2007.
- (b) 1,500,000 unlisted options issued under a Memorandum of Understanding dated 11 february 2003. Options are exercisable at 50 cents each at any time before 31 December 2005.

- (c) 25,000,000 unlisted options issued under a prospectus dated 9 December 2004. Options are exercisable at 1 cent each at any time before 31 December 2007.
- (d) 10,000,000 unlisted options issued on 4 March 2005. Options are exercisable at 2 cents each at any time before 31 December 2007.
- (e) 10,000,000 unlisted options issued on 8 September 2005. Options are exercisable at 5 cents each at any time before 31 December 2007.
- (f) 5,000,000 unlisted options issued on 8 September 2005. Options are exercisable at 7.5 cents each at any time before 31 December 2008.
- (g) 12,500,000 unlisted options issued on 15 September 2005. Options are exercisable at 12 cents each at any time before 31 July 2008.

Options carry no rights to dividends and no voting rights. Each option is convertible into one ordinary share.

#### Remuneration Report

#### Remuneration Policy

The full Board is responsible for determining and reviewing compensation arrangements for the directors. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. The Company does not link the nature and amount of the emoluments of such officers to the Company's financial or operational performance. There are no management contracts. Non-executive directors are remunerated on a fixed fee basis.

Details of the nature and amount of each element of the emolument of each director of the Company are as follows:

	Annua	al Emoluments	Consulting	Executive		
Directors	Salary \$	Superannuation \$	Fees \$	Options \$	TOTAL \$	
Dr Leon Pretorius	-	-	5,000 (a)	-	5,000	
Mr James Pratt	50,000	4,500	-	396,162 (d)	450,662	
Mr Gary Steinepreis	-	-	40,000 (b)	-	40,000	
Mr David Stelnepreis	-	-	40,000 (c)	-	40,000	
Mr Hugh Warner	36,697	3,303	-	-	40,000	
Mr Rick Crabb	-	-	-	-	-	
Mr Alistair Cowden	-	-	-	-	-	
Mr Brett Dickson	-	-	-	-	-	
Mr John Blue	-	-	-	-	-	

Other than the directors, there were no executive officers of the Company directly accountable and responsible for the operational management and strategic direction of the Company and the consolidated entity.

- (a) Consulting fees relating to Leon Pretorius were paid to Opaline Pty Ltd, an entity associated with Dr Pretorius.
- (b) Consulting fees relating to Gary Steinepreis were paid to LeisureWest Consulting Pty Ltd, an entity associated with Mr Steinepreis.
- (c) Consulting fees relating to David Steinepreis were paid to Ord Street Services, an entity associated with Mr Steinepreis.
- (d) Executive options non cash benefit

Mr James Pratt was granted executive options during the period which are considered to be a non-cash benefit and subject to a vesting period. A fair value has been assessed using the Black-Scholes option pricing model. The total fair value was assessed as \$482,740 however, only 50% have vested as at 30 June 2005 and therefore a pro-rata amount of \$396,162 has been disclosed, being the vested portion. The amount of \$396,162 represents 88% of Mr Pratt's total remuneration. The factors taken into account by the Black-Scholes option pricing model, which provides a theoretical value, include the following:

Grant date:	4 March 2005
Number of options granted:	10,000,000
Vesting date:	5,000,000 on grant, 5,000,000 six months from grant
Exercise price:	2 cents
Term of the option:	exercisable on or before 31/12/07
Market price of shares	
when valued:	6.2 cents
Volatility of the underlying share:	80%
Risk-free interest rate:	5.25%
Value per option at grant date:	4.827 cents

#### Meetings of the Company's Directors

	meetings held m	mber of leetings ttended
Dr. Leon Pretorius	-	-
Mr. James Pratt	5	5
Mr. Gary Steinepreis	8	7
Mr. David Steinepreis	8	8
Mr. Hugh Warner	5	5
Mr. Rick Crabb	-	-
Mr. Alistair Cowden	-	-
Mr. Brett Dickson	-	-
Mr. John Blue	-	-

#### **Employees**

The consolidated entity employed two employees at 30 June 2005 (2004: 1 employee).

#### Indemnification of Directors and Officers

The Company has made an agreement indemnifying all the directors and officers of the Company against all losses or liabilities incurred by each director or officer in their capacity as directors or officers of the Company, excluding wilful misconduct. The Company did not make any payments for premiums for directors and officers insurance during the financial year.

#### Non-Audit Services and Auditor's and Officers

During the year the following fees were paid or are payable for services provided by the auditor of the Company:

	2005 \$	2004 \$
Audit or review of financial reports of the entity	39,550	34,250
Taxation services	-	26,688
Total remuneration	39,550	60,938

Note: It is the entity's policy to employ Ernst & Young on assignments additional to their statutory audit duties where Ernst & Young's expertise and experience with the entity are important. These assignments are principally tax and advisory services. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised. No non-audit services were provided by Ernst & Young during the year.

#### Corporate Governance

The entity's corporate governance statement is contained in the following section of this Annual Report.

#### Auditor's Independence Declaration

The Company has obtained an independence declaration from its auditors, Ernst and Young, and that declaration forms part of this report and is included at page 47 of this report.

Signed in accordance with a resolution of the directors.

On behalf of the directors.

J. Steinspreis

Gary Steinepreis Director West Perth

28 September 2005

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Company is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve the Company has considered the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations.

In line with the above the Board approved the adoption of a board charter on 30 September 2004. This charter sets out the way forward for the Company in its implementation of its Principles of Good Corporate Governance and Best Practice Recommendations. The approach taken by the board was to set a blueprint for the Company to follow as it introduces elements of the governance process. Due to the current size of the Company and the scale of its operations it is neither practical nor economic for the adoption of all of the recommendations approved via the board charter. Where the Company has not adhered to the recommendations it has stated that fact in the annual report however has set out a mandate for future compliance when the size of the Company and the scale of its operations warrants the introduction of those recommendations.

#### Board of Directors

#### 1.1 Role of the Board

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the Company.

To assist the Board to carry out its functions, it has developed a Code of Conduct to guide the Directors.

#### 1.2 Composition of the Board

To add value to the Company the Board has been formed so that it has effective composition, size and commitment to adequately discharge it responsibilities and duties. The names of the Directors and their qualifications and experience are stated in the Directors' Report on page 9 along with the term of office held by each of the Directors. Directors are appointed based on the specific skills required by the Company and on their decision-making and judgment.

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. Currently one director is considered Non-Executive. The Directors therefore do not meet the following criteria for independence adopted by the Company.

An Independent Director:

- 1. is a Non-Executive Director and:
- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
- within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member. Or an employee materially associated with the service provided;
- is not a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the Company or other group member other than as a Director of the Company;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Materiality for the purposes of points 1 to 8 above is determined on the basis of both quantitative and qualitative aspects with regard to the independence of directors. An amount over 5% of the Company's expenditure or 10% of the particular directors annual gross income is considered to be material. A period of more than six years as a director would be considered material when assessing independence.

#### 1.3 Responsibilities of the Board

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.

### STATEMENT OF CORPORATE GOVERNANCE PRACTICES (continued)

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following.

- Leadership of the Organisation: overseeing the Company and establishing codes that reflect the values of the Company and guide the conduct of the Board.
- Strategy Formulation: to set and review the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the Company.
- 3. Overseeing Planning Activities: the development of the Company's strategic plan.
- Shareholder Liaison: ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company.
- Monitoring, Compliance and Risk Management: the development of the Company's risk management, compliance, control and accountability systems and monitoring and directing the financial and operational performance of the Company.
- Company Finances: approving expenses and approving and monitoring acquisitions, divestitures and financial and other reporting.
- Human Resources: appointing as well as reviewing and monitoring the performance of senior management in their implementation of the Company's strategy.
- Ensuring the Health, Safety and Well-Being of Employees: in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to ensure the well-being of all employees.
- Delegation of Authority: delegating appropriate powers to the Company Secretary to ensure the effective day-to-day management of the Company and establishing and determining the powers and functions of the Committees of the Board.

Full details of the Board's role and responsibilities are contained in the Board Charter, a copy of which is available for inspection at the Company's registered office.

#### 1.4 Board Policies

### 1.4.1 Conflicts of Interest

Directors must:

 disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company; and  if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the Corporations Act, absent himself or herself from the room when discussion and/or voting occurs on matters about which the conflict relates.

#### 1.4.2 Commitments

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

#### 1.4.3 Confidentiality

In accordance with legal requirements and agreed ethical standards, Directors and key executives of the Company have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

#### 1.4.4 Continuous Disclosure

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the ASX Listing Rules the Company immediately notifies the ASX of information:

- concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

#### 1.4.5 Education and Induction

It is the policy of the Company that new Directors undergo an induction process in which they are given a full briefing on the Company. Where possible this includes meetings with key executives, tours of the premises, an induction package and presentations. Information conveyed to new Directors include:

- details of the roles and responsibilities of a Director;
- formal policies on Director appointment as well as conduct and contribution expectations;
- a copy of the Board Charter; and
- a copy of the Constitution of the Company.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development.

### STATEMENT OF CORPORATE GOVERNANCE PRACTICES (continued)

#### 1.4.6 Independent Professional Advice

The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities.

#### 1.4.7 Related Party Transactions

Related party transactions include any financial transaction between a Director and the Company. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

#### 1.4.8 Shareholder Communication

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- communicating effectively with shareholders through releases to the market via ASX, information mailed to shareholders and the general meetings of the Company;
- giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
- making it easy for shareholders to participate in general meetings of the Company; and
- requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company.

#### 1.4.9 Trading in Company Shares

The Company has a Share Trading Policy which states that Directors, members of senior management, certain other employees and their associates likely to be in possession of unpublished price sensitive information may not trade in the Company's securities prior to that unpublished price sensitive information being released to the market via the ASX.

Unpublished price sensitive information is information regarding the Company, of which the market is not aware, that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

#### 1.4.10 Performance Review / Evaluation

It is the policy of the Board to conduct evaluation of its performance. The evaluation process was introduced via the Board Charter adopted on 30 June 2004 and was implemented for the financial year ended 30 June 2005. The objective of this evaluation will be to provide best practice corporate governance to the Company.

#### 1.4.11 Attestations by CEO and CFO

It is the Board's policy, that the CEO and the CFO make the attestations recommended by the ASX Corporate Governance Council as to the Company's financial condition prior to the Board signing the Annual Report. These roles, for the purpose of the attestations, will be performed by James Pratt as CEO and Gary Steinepreis as CFO.

#### 2. Board Committees

#### 2.1 Audit Committee

Due to the size and scale of operations of the Company, the Company does not have an Audit Committee.

#### 2.2 Remuneration Committee

#### 2.2.1 Role

The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.

As the whole Board only consists of three (3) members, the Company does not have a remuneration committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

#### 2.2.2 Remuneration Policy

The full Board is responsible for determining and reviewing compensation arrangements for the directors. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. The Company does not link the nature and amount of the emoluments of such officers to the Company's financial or operational performance. There are no management contracts.

#### 2.2.2.1 Non-Executive Director Remuneration Policy

Non-Executive Directors are to be paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors. Non-Executive Directors do not receive performance based bonuses and do not participate in equity schemes of the Company.

Non-Executive Directors are entitled to but not necessarily paid statutory superannuation.

#### STATEMENT OF CORPORATE GOVERNANCE PRACTICES (continued)

#### 2.2.3 Current Director Remuneration

Full details regarding the remuneration of Directors, are included in the Directors' Report.

#### 2.3 Nomination Committee

#### 2.3.1 Role

The role of a Nomination Committee is to help achieve a structured Board that adds value to the Company by ensuring an appropriate mix of skills are present in Directors on the Board at all times.

As the whole Board only consists of three (3) members, the Company does not have a nomination committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

#### 2.3.2 Criteria for Selection of Directors

Directors are appointed based on the specific governance skills required by the Company. Given the size of the Company and the business that it operates, the Company aims at all times to have at least one Director with experience appropriate to the Company's target market. In addition, Directors should have the relevant blend of personal experience in:

- · Accounting and financial management; and
- Director-level business experience.

#### 3. Company Code of Conduct

As part of its commitment to recognising the legitimate interests of stakeholders, the Company has established a Code of Conduct to guide compliance with legal and other obligations to legitimate stakeholders. These stakeholders include employees, clients, customers, government authorities, creditors and the community as a whole. The Company Code of Conduct was adopted by resolution of the Board on 30 September 2004. This Code includes the following:

## Responsibilities to Shareholders and the Financial Community Generally

The Company complies with the spirit as well as the letter of all laws and regulations that govern shareholders' rights. The Company has processes in place designed to ensure the truthful and factual presentation of the Company's financial position and prepares and maintains its accounts fairly and accurately in accordance with the generally accepted accounting and financial reporting standards.

## Responsibilities to Clients, Customers and Consumers

The Company has an obligation to use its best efforts to deal in a fair and responsible manner with each of the Company's clients, customers and consumers and is committed to providing clients, customers and consumers with fair value.

#### **Employment Practices**

The Company policy is to endeavour to provide a safe workplace in which there is equal opportunity for all employees at all levels of the Company. The Company does not tolerate the offering or acceptance of bribes or the misuse of Company assets or resources. As at the date of this report there are no employees who are not also directors.

#### Obligations Relative to Fair Trading and Dealing

The Company aims to conduct its business fairly and to compete ethically and in accordance with relevant competition laws. The Company strives to deal fairly with the Company's customers, suppliers and competitors.

#### Responsibilities to the Community

As part of the community the Company is committed to conducting its business in accordance with applicable environmental laws and regulations.

#### Responsibility to the Individual

The Company is committed to keeping private information from employees, clients, customers, consumers and investors confidential and protected from uses other than those for which it was provided.

#### Conflicts of Interest

Directors and Employees must avoid conflicts as well as the appearance of conflicts between personal interests and the interests of the Company.

## How the Company Complies with Legislation Affecting its Operations

Within Australia, the Company strives to comply with the spirit and the letter of all legislation affecting its operations. Outside Australia, the Company will abide by local laws in all countries in which it operates. Where those laws are not as stringent as the Company's operating policies, particularly in relation to the environment, workplace practices, intellectual property and the giving of "gifts", Company policy will prevail.

## How the Company Monitors and Ensures Compliance with its Code

The Board of the Company is committed to implementing this Code of Conduct and each individual is accountable for such compliance. Disciplinary measures may be imposed for violating the Code.

## STATEMENTS OF FINANCIAL PERFORMANCE

for the year ended 30 June 2005

	Note	Consol 2005 \$	idated Entity 2004 \$	Pare 2005 \$	nt Entity 2004 \$
Sales revenue	2 (a)	170,780	487,146	170,780	487,146
Cost of sales	3 (a)	(126,382)	(3,329,774)	(126,382)	(3,329,774)
Gross profit / (loss)		44,398	(2,842,628)	44,398	(2,842,628)
Other revenues from ordinary activities Loss on restructure of company pursuant	2 (b)	102,389	1,994,669	102,389	58,669
to deed of company arrangement	2 (c)	(132,046)	-	(132,046)	-
Marketing expenses		(9,080)	(15,769)	(9,080)	(15,769)
Occupancy expenses		(45,236)	(123,374)	(45,236)	(123,374)
Administrative expenses		(172,838)	(524,494)	(172,838)	(524,493)
Other (expenses) / income from ordinary activities	3 (a)	(448,283)	(1,443,643)	(459,546)	504,160
Loss from ordinary activities before income tax expense		(660,696)	(2,955,239)	(671,959)	(2,943,435)
income tax expense relating to ordinary activities	4 (a)	-	-	-	-
Loss from ordinary activities after income tax expense		(660,696)	(2,955,239)	(671,959)	(2,943,435)
Net loss attributable to members of the parent company		(660,696)	(2,955,239)	(671,959)	(2,943,435)
Share issue costs	15	(129,808)	(82,787)	(129,808)	(82,787)
Total revenues, expenses and valuation adjustments attributable to members of Deep Yellow Limited and recognised directly in equity		(129,808)	(82,787)	(129,808)	(82,787)
Total changes in equity other than those resulting from transactions with owners as owners attributable to members of Deep Yellow Limited		(790,504)	(3,038,026)	(801,767)	(3,026,222)
Basic (loss) per share (cents per share)	22	(0.32)	(1.28)		
Diluted (loss) per share (cents per share)	22	(0.32)	(1.28)		
minima (nas) har strata (natra hat strata)	22	(0.32)	(1.40)		

## STATEMENTS OF FINANCIAL POSITION

for the year ended 30 June 2005

	Note	Consc 2005	Consolidated Entity 2005 2004		ent Entity 2004
		\$	\$	\$	\$
CURRENT ASSETS					
Cash assets	5	3,536,679	177,507	3,536,679	177,507
Receivables	6	79,000	379,588	79,000	281,850
Inventories	7	-	280,069	-	280,069
Other financial assets	8	-	948,500	-	948,500
Plant and equipment	11		15,414	-	15,414
TOTAL CURRENT ASSETS		3,615,679	1,801,078	3,615,679	1,703,340
NON-CURRENT ASSETS					
Plant and equipment	11	1,367	-	1,367	-
Deferred exploration expenditure	12	1,050,000	400,000	1,050,000	400,000
TOTAL NON-CURRENT ASSETS		1,051,367	400,000	1,051,367	400,000
TOTAL ASSETS		4,667,046	2,201,078	4,667,046	2,103,340
CURRENT LIABILITIES					
Payables	13	45,968	2,408,368	45,968	2,408,367
Provisions	14	-	114,628	-	5,628
TOTAL CURRENT LIABILITIES		45,968	2,522,996	45,968	2,413,995
TOTAL LIABILITIES		45,968	2,522,996	45,968	2,413,995
NET ASSETS / (LIABILITIES)		4,621,078	(321,918)	4,621,078	(310,655)
EQUITY					
Contributed equity	15	36,047,812	30,835,120	36,047,812	30,835,120
Reserves	16	391,000	-	391,000	-
Accumulated losses	17	(31,817,734)	(31,157,038)	(31,817,734)	(31,145,775)
TOTAL EQUITY / (DEFICIENCY)		4,621,078	(321,918)	4,621,078	(310,655)

## STATEMENTS OF CASH FLOWS

for the year ended 30 June 2005

	Note	Consol 2005	idated Entity 2004		
		\$	\$	\$	\$
Cash flows from operating activities					
Receipts from customers		170,780	487,146	170,780	487,146
Payment to administrator and deed					
administrator		(193,494)	-	(193,494)	-
Interest received		52,389	30,759	52,389	30,759
Tenement acquisitions		-	(400,000)	-	(400,000)
Sale of exploration interests		-	601,000	-	1,000
Exploration and evaluation expenditure		(133,258)	(184,123)	(133,258)	(158,283)
Payments to suppliers and employees		(446,816)	(2,099,499)	(446,816)	(2,071,498)
Cash transferred to trust established					
for the benefit of creditors		(110,247)	-	(110,247)	-
Payment for deed of					
company arrangement		(500,000)	-	(500,000)	-
Net operating cash (outflows)	18 (b)	(1,160,646)	(1,564,717)	(1,160,646)	(2,110,876)
Cash flows from investing activities					
Proceeds from sale of property,					
plant & equipment		-	23,709	-	23,709
Proceeds from the sale of listed investmen	nts	-	89,645	-	89,645
Proceeds from the sale of mineral properti	es	50,000	-	50,000	-
Payments for property, plant and equipme	nt	(1,367)	(2,888)	(1,367)	(2,888)
Payment for tenement acquisition		(100,000)	-	(100,000)	-
Repayment of loans from subsidiary		~	-	-	582,661
Payments for security deposits		(5,000)	(167,000)	(5,000)	(167,000)
Proceeds from redemption of security dep	osits	-	36,500	-	-
Net investing cash (outflows) / inflows		(56,367)	(20,034)	(56,367)	526,127
Cash flows from financing activities					
Proceeds from Issue of shares and option	S	4,883,500	1,504,000	4,883,500	1,504,000
Share issue costs		(129,808)	(82,787)	(129,808)	(82,787)
Net financing cash inflows		4,753,692	1,421,213	4,753,692	1,421,213
Net increase / (decrease) in cash held		3,536,679	(163,538)	3,536,679	(163,536)
Cash transferred to Administrator		(177,507)	-	(177,507)	-
Cash at the beginning of					
the financial year		177,507	341,045	177,507	341,043
Cash at the end of the financial year	18 (a)	3,536,679	177,507	3,536,679	177,507

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Policies

#### (a) Basis of Accounting

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, including applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

The financial report has been prepared in accordance with the historical cost convention and no account is taken of the changing value of money.

#### (b) Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous year.

#### (c) Principles of Consolidation

The consolidated financial statements are those of the consolidated entity, comprising Deep Yellow Limited (the parent company) and all entities that Deep Yellow Limited controlled from time to time during the year and at reporting date.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Where control of an entity is obtained during a financial year its results are included in the consolidated statement of financial performance from the date of which control commences. Subsidiary acquisitions are accounted for using the purchase method of acquisition. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

#### (d) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

#### Sale of Goods

Sales revenue is recognised when the control of goods passes to the customer.

#### Interest

Interest is brought to account as income over the term of each deposit in direct proportion to the amounts invested in the relevant accounting period.

#### (e) Taxes

#### Income taxes

The Company follows the principles of tax effect accounting whereby income tax is regarded as an expense and is calculated on the accounting result after allowing for permanent differences. To the extent timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a future income tax benefit or a provision for deferred income tax. The net future income tax benefit relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

#### Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Pinancial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

#### (f) Joint Ventures

Interests in Joint Venture Operations have been incorporated in the financial statements by including the consolidated entity's proportion of joint venture costs, assets and liabilities under the appropriate headings. Details of major joint venture interests and the sum of the consolidated entity's interest in joint venture assets and liabilities are set out in Note 10.

The consolidated entity's share of capital expenditure commitments and contingent liabilities relating to joint venture interests is disclosed in Notes 19 and 21.

#### (g) Cash and Cash Equivalents

Cash comprises cash at bank, on hand and held in term deposits, and is stated at nominal value.

For the purpose of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 2 working days, net of outstanding bank overdrafts.

#### (h) Receivables

Trade debtors are recorded at amounts due less any provision for doubtful debts. Secured deposits are recorded at the initial amount placed on deposit with interest capitalised as credited to the deposit account.

#### (i) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is assigned on a first-in first-out basis.

#### (i) Investments

Investments in controlled entities are carried at lower of cost and recoverable amount and investments in listed entities are carried at the lower of cost and net realisable value.

#### (k) Assessment of Recoverable Amounts

The carrying amounts of all non-current assets are reviewed at least annually to determine whether they exceed their recoverable amount. All non-current assets that exceed their recoverable amount are written down to recoverable amounts. The recoverable amounts of all non-current assets have been determined using net cash flows that have not been discounted to their present values.

#### (I) Plant and Equipment

The cost of each item of buildings, plant and equipment is written off over its expected economic life to the consolidated entity. The economic life of plant and equipment has due regard both to physical life limitations and to present assessments of economically recoverable reserves and possible future variations of these assessments. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessment for major items.

Items of property, plant and equipment are initially recorded at cost and depreciated as outlined below.

#### Depreciation and amortisation

Items of property, plant and equipment are depreciated using either the straight-line method or the diminishing value method over their estimated useful lives.

The depreciation rates used for each class of asset, for the current and previous years, are as follows:

Plant and equipment 15 – 40% (either straight-line or diminishing value)

#### (m) Exploration and Evaluation Expenditure

Exploration, evaluation and relevant acquisition costs are accumulated separately in respect to clearly identifiable areas of interest. They comprise acquisition costs, direct exploration and evaluation cost and an appropriate portion of related overhead expenditure. They do not include general overhead or expenditure not having a specific nexus with a particular area of interest.

These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in which:

- such costs are expected to be recouped through successful development and exploitation or from sale of the area; or
- (ii) exploration and evaluation activities in the area have not, at balance date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Where revenue from production is earned, the exploration and evaluation expenditure for that area of interest is amortised on units of production basis over the life of the economically-recoverable reserves for the period of production.

Exploration and evaluation expenditure that does not satisfy these criteria is written off. Economically recoverable reserves are defined as the estimated quantity of product in an area of interest, which can be expected to be profitably extracted, processed and sold under current and foreseeable economic conditions.

#### (n) Payables

Liabilities for trade creditors and other amounts are carried at cost, which is the fair value of the consideration to be paid in the future for the goods and services received, whether or not billed to the consolidated entity.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

#### (o) Employee Benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, and compensated absences.

Liabilities arising in respect of wages and salaries, compensated absences and any other employee benefits expected to be settled within 12 months of the

reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled.

Employee benefits expenses and revenues arising in respect of the following categories:

- wages and salaries, non-monetary benefits, compensated absences; and
- · other types of employee benefits

are charged against profits on a net basis in their respective categories.

#### (p) Provisions

Provisions are recognised when the consolidated entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

#### (q) Retirement Benefits

Contributions made by the consolidated entity to existing employee contributory superannuation funds (to provide benefits for employees and their dependants on retirement, disability or death) are charged to the statement of financial performance.

#### (r) Contributed Equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the Issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

#### (s) Foreign Currency Transactions

Foreign currency items are translated to Australian currency on the following bases:

- transactions are converted at exchange rates approximating those in effect at the date of each transaction;
- amounts payable and receivable are translated at the prevailing exchange rate at balance date; and
- the financial statements of all foreign operations are translated using the temporal method as they are considered integrated.

Exchange differences relating to monetary items are included in the Statement of Financial Performance, as exchange gains or losses, in the period when the exchange rates change.

#### (t) Provision for Rehabilitation

Provision is made for anticipated costs of rehabilitation necessitated by disturbance arising from production activity in respect of certain tenements in the period in which the disturbance occurred. The provision for tenement rehabilitation is provided in respect of a performance guarantee under Department of Industry and Resources obligations over site restoration requirements over certain tenements.

Rehabilitation costs are accumulated in the provision on a production output basis, commencing in the period that disturbance occurs. In determining the rehabilitation obligations, the entity has assumed no significant changes will occur in the relevant Federal and State legislation in relation to rehabilitation of the disturbances arising from production activity in respect of those tenements.

#### (u) Financial Instruments included in Equity

Ordinary contributed equity bears no special terms or conditions affecting income or capital entitlements of the shareholders.

#### (v) Financial Instruments included in Assets

Trade debtors are initially recorded at the amount of contracted sales proceeds.

Bank deposits are carried at cost. Interest revenue is recognised on an effective yield basis. Purchases and sales of investments are recognised on the trade date.

#### (w) Loss Per Share

Basic loss per share is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends) divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted loss per share is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues and expenses during the period that would result from dilution of potential ordinary shares.

Divided by the weighted average number of ordinary shares and difutive potential ordinary shares, adjusted for any bonus element.

#### (x) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

## 2. Revenue from Ordinary Activities

		Consolidated Entity 2005 2004		Parent Entity 2005 200		
		s	\$	\$	\$	
(a)	Revenues from operating activities: Gold sales	170,780	487,146	170,780	487,146	
(b)	Revenues from non-operating activities:					
` '	Interest received	52,389	33,960	52,389	33,960	
	Proceeds on sale of plant and equipment	-	23,709	-	23,709	
	Proceeds on sale of tenements (3(b))	50,000	1,937,000	50,000	1,000	
	Total other revenues	102,389	1,994,669	102,389	58,669	
	Total revenue from ordinary activities	273,169	2,481,815	273,169	545,815	
(c)	Loss on restructure of company pursuant to Deed of Company Arrangement The net impact of the restructure is as follows: Liabilities transferred as a result of					
	debt forgiveness - Ordinary unsecured creditors	2,408,367		2,408,367		
	- Provisions	5,628	-	5,628	-	
	Total Liabilities	2,413,995	-	2,413,995	-	
	Less: Assets transferred					
	- Receivables	(198,350)	-	(198,350)	-	
	- Property, plant and equipment	(15,414)	-	(15,414)	-	
	- Inventories	(280,069)	-	(280,069)	-	
	- Investments	(948,500)	-	(948,500)	_	
	- Deferred exploration	(200,000)	-	(200,000)	-	
	Total Assets	(1,642,333)	-	(1,642,333)	-	
	Less: Costs incurred					
	- Payment for DOCA	(600,000)	-	(600,000)	-	
	- Payment to creditors trust (includes opening cash)	(110,214)	-	(110,214)	-	
	- Payment to administrator	(193,494)	-	(193,494)	-	
	Total costs incurred	(903,708)	-	(903,708)	-	
	Net loss on reconstruction	(132,046)	-	(132,046)	-	

## 3. Expense and Losses

		Consol 2005 \$	idated Entity 2004 \$	Pare 2005 \$	nt Entity 2004 \$
(a)	Expenses Cost of sales:	100.000		400.000	0.000.77
	Mining costs	126,382 	3,329,774	126,382	3,329,774
	Depreciation and amortisation Depreciation of property, plant and equipment	-	5,022	-	5,022
	Other (expenses) / income from				
	ordinary activities				
	Operating expenses	(88,509)	_	(99,772)	
	Payments to consultants and employees	(229,500)	_	(229,500)	
	Exploration expenditure written off	(130,274)	(521,679)	(130,274)	(521,748
	Provision for employee benefits	-	(4,874)	-	(4,874)
	Provision for diminution in investment	-	(387,500)	-	(387,500
	Written down value of mining tenements sold	-	(515,720)	-	
	Provision for gain / (loss) on loans to				
	controlled entities	-	-	-	1,431,612
	Loss on disposal of subsidiary	-	(540)	-	
	Written down value of plant and equipment sold	-	(13,330)	-	(13,330
		(448,283)	(1,443,643)	(459,546)	504,160
(b)	Specific disclosure items:				
	Proceeds on sale of tenements	50,000	1,937,000	50,000	1,000
	Gain on sale of tenements	50,000	1,421,280	50,000	1,000
	Gain on sale of Property, Plant and Equipment		10,379	-	10,379
4.	Taxation				
	The difference between income tax expense provided in the financial statements and the prima facile income tax expense is				
	reconciled as follows:				
(a)	Operating loss before income tax	(660,696)	(2,955,239)	(671,959)	(2,943,435
	Prima facie income tax benefit at 30%	198,209	886,572	201,588	883,03
	Tax effect of permanent differences:				
	Loss on restructure of company pursuant				
	to deed of company arrangement	(39,614)	-	(39,614)	
	Provision for diminution in investment	-	(56,250)	-	(56,250
	Profit on tenement sale	-	298,684	-	298,684
	Exploration expenditure	-	76,667	-	76,040
	Other items	-	(59,553)	-	(59,553
	Net future income tax benefit not brought	WEO EDE!	4 4 4 5 4 5 6 7	404.074	1 1 1 2 5 5 5
	to account	(158,595) 	1,146,120)	(161,974)	1,141,952

#### 4. Taxation (continued)

		Consolidated Entity		Parent Entity	
		2005	2004	2005	2004
		s	\$	S	\$
(d)	The directors estimate that at 30 June 2005				
	the potential future income tax benefit in				
	respect of tax losses not taken to account at 30% (2004; 30%) is:	528,650	4,078,989	539,913	3,718,573

This amount relates to capital and revenue losses that can only be utilised when capital and/or trading profits are made in the future.

- (c) The benefit of these tax losses will only be obtained in the future if:
  - (i) the consolidated entity derives future assessable income of a nature and an amount sufficient to enable the benefit from the tax losses to be realised;
  - (ii) the consolidated entity has complied with and continues to comply with the conditions for deductibility imposed by tax legislation; and
  - (iii) no changes in tax legislation adversely affect the consolidated entity realising the benefit from the deductions for the losses.

#### Tax Consolidation

Deep Yellow Limited and its 100% owned subsidiaries have not formed a tax consolidated group.

#### 5. Cash Assets

		Consolidated Entity		Parent Entity	
		2005	2004	2005	2004
		S	5	S	\$
	Cash at bank and on hand	3,536,679	177,507	3,536,679	177,507
6.	Receivables - Current				
	Trade debtors	-	114,850	-	114,850
	Tenement bond	5,000	-	-	-
	Secured deposits	74,000	264,738	79,000	167,000
		79,000	379,588	79,000	281,850

#### (a) Terms and conditions

Terms and conditions relating to the above financial instruments:

- (i) Trade debtors are non-interest bearing and generally on 30 day terms.
- (ii) Other debtors are non-interest bearing and generally on 30 day terms.

#### 7. Inventories

ROM Stockpile Gold Bullion - net realisable value	-	109,289 170,780	-	109,289 170,780
	-	280,069	-	280,069

#### 8. Other Financial Assets

	Consolidated Entity		Parent Entity	
	2005	2004	2005	2004
	\$	S	\$	8
Listed options	-	36,000	-	36,000
Listed shares	-	1,300,000	-	1,300,000
Provision for diminution	-	(387,500)	-	(387,500)
	-	948,500	-	948,500

At 30 June 2004 these investments in Ausmet Resources Limited and Rox Resources Limited had a market value of \$948,500.

#### 9. Controlled Entities

The consolidated financial statements at 30 June 2005 include the following controlled entities. The financial years of all controlled entities are the same as that of the parent entity.

	Percentage of equity interest held by the Country of Consolidated Entity			Country of	Inve	stment
	Incorporation	2005	2004	2005	2004	
		%	9/4	S	\$	
Parent Entity						
Deep Yellow Limited	Australia					
Controlled Entities						
Deep Yellow Tanzania Limited	Tanzania (a)	100	-	-	-	
Julia Gold Pty Ltd	Australia (b)	-	100	-	10,000	
Goongarrie Gold Pty Ltd	Australia (b)	-	100	-	2	
Less: Provision for diminution				-	(10,002)	

- (a) Deep Yellow Tanzania Limited was incorporated on 1 February 2005 with 2 ordinary shares of Tanzanian Schillings 1,000 each. The Company has not been audited however, its operations have been funded by the parent entity.
- (b) The ownership of these subsidiary companies was transferred to the Trust created for the benefit of creditors as part of the Deed of Company Arrangement.

### 10. Joint Venture Operations

Joint venture name and principal activities	Interest held	•			
4.60(co.cle - 62-1-1 (-2-4.57-co.4	2005	2004			
Mikado Gold Joint Venture	50%	-			
Mt Lebanon – gold exploration	-	40%			
	Consolida	ted Entity	Parent Entity		
Assets employed in Joint Venture operations	2005	2004	2005	2004	
	\$	\$	\$	\$	
Assets employed – Secured deposits – Note 6	74,000	-	74,000	-	
Exploration expenditure - Note 12	200,000	=	200,000	-	

No significant field-work was carried out at the Mikado Joint Venture since the completion of the recapitalisation and commencement of the Joint Venture. Deep Yellow has not deployed any assets, nor incurred any liabilities or commitments to these joint ventures other than our interests in the underlying tenements which are carried within the Statement of Financial Position and detailed in Note 6 and Note 12. The principal activity of the Mikado Joint Venture is gold exploration and development. This sale of this joint venture interest was completed on 15 September 2005.

## 11. Plant and Equipment

	. jek		Parent Entity 2005 200 \$		
Current					
Plant, vehicles and equipment At cost					
Opening balance	178,830	285,089	177,923	284,18	
Additions	-	2,888	-	2,88	
Disposals	(178,830)	(109,147)	(177,923)	(109,147	
Closing balance	-	178,830	-	177,92	
Accumulated depreciation					
Opening balance	(163,416)	(254,211)	(162,509)	(253,304	
Depreciation for the year	-	(5,022)	-	(5,022	
Disposals	163,416	95,817	162,509	95,81	
Closing balance	-	(163,416)	-	(162,509	
Net book value	-	15,414	-	15,41	
Total property, plant and equipment, at cost	-	178,830	-	177,92	
Total property, plant and equipment, net	-	15,414	-	15,41	
Non-Current					
Plant, vehicles and equipment					
At cost					
Opening balance	-	-	-		
Additions	1,367	-	1,367		
Disposals	-	-	-		
Closing balance	1,367	-	1,367		
Accumulated depreciation					
Opening balance	-	-	-		
Depreciation for the year	-	-	-		
Disposals		-	-		
Closing balance	-	-	-		
Net book value	1,367	-	1,367		
Total property, plant and equipment, at cost	1,367	-	1,367		

## 12. Deferred Exploration Expenditure

	Consolidated Entity		Pan	ent Entity
	2005	2004	2005	2004
	s	\$	\$	\$
In exploration and/or evaluation stage:				
- Accumulated expenditure brought forward	400,000	1,267,027	400,000	774,215
- Sales of tenements	-	(515,721)	-	-
- Purchase of tenements	850,000	-	850,000	-
- Expenditure transferred as part of Deed of				
Company Arrangement – refer note 2(c)	(200,000)	-	(200,000)	-
- Expenditure capitalised	-	135,906	-	112,997
- Expenditure written off	-	(487,212)	-	(487,212)
Total exploration and evaluation expenditure	1,050,000	400,000	1,050,000	400,000

Ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas.

#### 13. Payables - Current

	Consolidated Entity		Parent Entity	
	2005	2004	2005	2004
	S	\$	\$	\$
Trade creditors - unsecured (a) (i)	45,968	2,096,988	45,968	2,096,987
Related parties (a)(ii)	-	311,380	-	311,380
	45,968	2,408,368	45,968	2,408,367

#### (a) Terms and Conditions

Terms and conditions relating to the above financial instruments:

- (i) Trade creditors are non-interest bearing and generally on 30 day terms.
- (ii) Related party creditors are directors or companies associated with directors. These amounts are non-interest bearing and settled on 90 day terms.

#### 14. Provisions - Current

	Consolidated Entity		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
Provision for employee benefits	-	5,628	-	5,628
Provision for tenement rehabilitation	-	109,000	-	-
	-	114,628	-	5,628

#### (a) Provision for tenement rehabilitation

The provision for tenement rehabilitation is provided in respect of a performance guarantee under Department of Industry and Resources obligations over site restoration requirements over certain tenements. This guarantee is secured by funds on deposit of \$- (2004: \$50,000). The maximum liability for work is estimated to be \$nil (2004: \$109,000) as the tenements were held in subsidiary companies, which ownership was transferred as part of the Deed of Company Arrangement.

#### (b) Movements in provisions

	Consolidated Entity		Parent Entity	
	2005 \$	2004	2005 \$	2004 \$
		5		
(i) Tenement rehabilitation				
Carrying amount at the beginning of the financial year	109,000	140,000	-	-
Additional provision	-	-	-	-
Amounts utilised during the year	-	(31,000)	-	-
Reversal of unused provision – due to				
company restructure	(109,000)	-	-	-
- Carrying amount at the end of the financial year	-	109,000	-	-

#### 15. Contributed Equity

2005 2004
\$ \$

#### (a) Issued and paid-up capital

Fully paid ordinary shares 36,047,812 30,835,120

## Terms and conditions on contributed equity

#### **Ordinary Shares**

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of, and amounts paid up on shares held

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

## 15. Contributed Equity (continued)

Movements in contributed equity for the year

		Number of ( 2005	Ordinary Shares 2004	2005 \$	2604 \$
	On issue at start	258,173,629	194,173,629	30,835,120	29,413,907
	Consolidation of capital - 1 for 10 basis	(232,356,046)	-	-	-
	Shares on issue post consolidation of capital	25,817,583	194,173,629	_	
	Issued during the year at 0.25 cents per share	60,000,000	-	150,000	-
	Issued during the year at 0.5 cents per share	60,000,000		300,000	-
	Issued during the year at 1 cent per share Issued during the year at 1 cent per share to the	130,000,000	-	1,300,000	-
	trustee for the benefit of creditors	10,000,000	-	100,000	-
	Issued during the year to acquire exploration tenements to Paladin Energy Minerals NL Issued during the year at 3 cents per share	15,000,000	-	360,000	-
	on 11 March 2005	33,000,000	-	990,000	-
	Issued due to a conversion of options Issued at 5 cents per share via a	, ,	14,250,000	-	142,500
	Prospectus dated 15 May 2005	40,000,000	_	2,000,000	_
	Issued during the year at 2.1 cents per share	40,000,000	24,000,000	2,000,000	504,000
	Issued during the year at 2.7 cents per share	_	40,000,000	_	1,000,000
	Issue costs	-	-	(129,808)	(82,787)
	Closing balance	388,067,583	258,173,629	36,047,812	30,835,120
(b)	Share options	2005 Number	2004 Number		
	Options over ordinary shares	52,410,000	17,825,000		
	Movements in options during the year			_	
	On issue at start	17,825,000	90,411,814		
	Consolidation of capital - 1 for 10 basis	(16,042,500)	-	_	
	On issue following consolidation of capital	1,782,500	90,411,814		
	Issued during the year: Unlisted options issued pursuant to recapitalisation proposal	30,000,000	_		
	Unlisted options issued to acquire exploration				
	tenements to Paladin Energy Minerals NL	25,000,000	-		
	Unlisted options issued to managing director	10,000,000	-		
	Unlisted options issued to staff and contractors	-	1,600,000		
	Expired during the year unexercised	(122,500)	(74,186,814)		
	Exercised during the year	(14,250,000)	-		

#### 15. Contributed Equity (continued)

#### Details of options:

Issued during the year and exercisable over ordinary shares in Deep Yellow:

- (a) 30,000,000 unlisted options issued under a prospectus dated 1 November 2004. Options are exercisable at 1 cent each at any time before 31 December 2007.
- (b) 25,000,000 unlisted options issued under a prospectus dated 9 December 2004. Options are exercisable at 1 cent each at any time before 31 December 2007.
- (c) 10,000,000 unlisted options issued on 4 March 2005. Options are exercisable at 2 cents each at any time before 31 December 2007.

Expired during the year and exercisable over ordinary shares in Deep Yellow:

- (a) 102,500 unlisted options over ordinary shares in the Company issued to employees on 15 March 2000. Of these, 82,500 were exercisable at \$2.50 each, 20,000 were exercisable at \$2.70 each. All options expired on 16 February 2005.
- (b) 20,000 unlisted options to subscribe for ordinary shares in the Company issued to an employee on 15 November 2000 at an exercise price of \$2.00 each. All options expired on 15 November 2004.

Exercised during the year and exercisable over ordinary shares in Deep Yellow:

- (a) 7,500,000 unlisted options exercised at a price of 1 cent per option exercised on 9 February 2005.
- (b) 3,750,000 unlisted options exercised at a price of 1 cent per option exercised on 21 February 2005.
- (c) 3,000,000 unlisted options exercised at a price of 1 cent per option exercised on 26 April 2005.

Issued since the end of the year and exercisable over ordinary shares in Deep Yellow:

- (a) 10,000,000 unlisted options issued on 8 September 2005. Options are exercisable at 5 cents each at any time before 31 December 2007.
- (b) 5,000,000 unlisted options issued on 8 September 2005. Options are exercisable at 7.5 cents each at any time before 31 December 2008.
- (c) 12,500,000 unlisted options issued on 15 September 2005. Options are exercisable at 12 cents each at any time before 31 July 2008.

Exercised since the end of the year and exercisable over ordinary shares in Deep Yellow:

(a) 15,750,000 unlisted options exercised at a price of 1 cent per option exercised on 5 September 2005.

Outstanding at the date of this report:

- (a) 160,000 unlisted options to subscribe for ordinary shares in the Company issued to staff and contractors at an exercise price of 35 cents each. All options expire on 1 January 2007.
- (b) 1,500,000 unlisted options issued under a Memorandum of Understanding dated 11 February 2003. Options are exercisable at 50 cents each at any time before 31 December 2005.
- (c) 25,000,000 unlisted options issued under a prospectus dated 9 December 2004. Options are exercisable at 1 cent each at any time before 31 December 2007.
- (d) 10,000,000 unlisted options issued on 4 March 2005. Options are exercisable at 2 cents each at any time before 31 December 2007.
- (e) 10,000,000 unlisted options issued on 8 September 2005. Options are exercisable at 5 cents each at any time before 31 December 2007.
- (f) 5,000,000 unlisted options issued on 8 September 2005. Options are exercisable at 7.5 cents each at any time before 31 December 2008.
- (g) 12,500,000 unlisted options issued on 15 September 2005. Options are exercisable at 12 cents each at any time before 31 July 2008.

Options carry no rights to dividends and no voting rights. Each option is convertible into one ordinary share.

## 16. Reserves

	Consolidated Entity		Parent Entity		
	2005	2004	2005	2004	
	\$	\$	S	\$	
Option premium reserve	391,000	-	391,000	-	
Option premium reserve					
(I) Nature and purpose of reserve					
The option reserve is used to record the					
ssue of options. When the options expire					
they are transferred to accumulated losses.					
(ii) Movements in reserve					
Balance at the beginning of year	-	-	-	-	
Issued as part of recapitalisation	1,000	-	1,000	-	
Issued to acquire tenements	390,000	-	390,000	-	
Transfer to accumulated losses	-	-	-	-	
Balance at the end of the year	391,000	-	391,000	-	

## 17. Accumulated Losses

Cons	Consolidated Entity		irent Entity
2005	2004	2005	2004
\$	S	\$	S
(31,817,734)	(31,157,038)	(31,817,734)	(31,145,775)
(31,157,038)	(28,201,799	(31,145,775)	(28,202,340)
(660,696)	(2,955,239)	(671,959)	(2,943,435)
(31,817,734)	(31,157,038)	(31,817,734)	(31,145,775)
	(31,817,734) (31,157,038) (660,696)	2005 2004 \$ \$ (31,817,734) (31,157,038) (31,157,038) (28,201,799 (660,696) (2,955,239)	2005 2004 2605 \$ \$ \$ (31,817,734) (31,157,038) (31,817,734) (31,157,038) (28,201,799 (31,145,775) (660,696) (2,955,239) (671,959)

## 18. Notes to the Statements of Cash Flows

## (a) Reconciliation of cash

For the purposes of the Statements of Cash Flows, cash includes on hand and in banks, and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the Statements of Financial Position as follows:

	Consolidated Entity		Parent Entity	
	2005 \$	2004 \$	2005 \$	2004 \$
Cash at bank and on hand	3,536,679	177,507	3,536,679	177,507

## 18. Notes to the Statements of Cash Flows (continued)

		Consolidated Entity 2005 2004		Pa 2005	rent Entity 2004
		\$	S	S	\$
(b)	Reconciliation of operating (loss) after income tax to net cash (outflow) from operating activities				
	Operating (loss) after income tax	(660,696)	(2,955,239)	(671,959)	(2,943,435)
	Adjustments for non-cash income and expense items: Issue and allotment of shares as part settlement				
	of Deed of Company Arrangement Effect of restructure on assets and liabilities	100,000	-	100,000	-
	as a result of Deed of Company Arrangement	(645,918)	-	(634,655)	-
	Depreciation and amortisation	-	5,022	-	5,022
	Net loss/(profit) on sale of non-current assets	-	(10,379)	-	(10,379)
	Provision for diminution on investments	-	387,500	-	387,500
	Exploration expenditure written off	-	-	-	487,212
	Profit on tenement sale	-	(1,421,280)	-	-
	Provision for loss on loans to related entitles	-	-	-	(1,431,612)
	Net loss on disposal of controlled entities	-	540	-	-
	Changes in assets and liabilities net of effects				
	from disposal of controlled entities:				
	Exploration expenditure capitalised	-	867,027	-	374,215
	Decrease in receivables	-	24,968	-	63,310
	(Increase) in inventories	-	(280,069)	-	(280,069)
	Increase in payables	45,968	1,844,657	45,968	1,847,656
	(Decrease) / increase in provisions		(27,464)	-	3,536
	Net operating cash outflows	(1,160,646)	(1,564,717)	(1,160,646)	(2,110,876)

## (c) Non-Cash and Financing and Investing Activities

During the financial period the company was recapitalised. Part of the consideration of the Deed of Company Arrangement was the issue and allotment of 10,000,000 ordinary shares at a deemed issue price of 1 cent each to the trustee for creditors. Refer to Note 2 (c).

The Company also acquired uranium exploration and development interests from Paladín Energy Minerals NL which was satisfied, in part, by the issue and allotment of 15,000,000 ordinary shares at a deemed Issue price of 1 cents each and the grant of 25,000,000 options exercisable at 1 cent each on or before 31 December 2007.

## 19. Expenditure Commitments

## Commitments for exploration expenditure:

The consolidated entity has certain obligations to perform minimum exploration work and expend minimum amounts of money on mineral exploration tenements and also obligations in regard to its share of joint venture contractual commitments for mining and exploration work. Due to the nature of the exploration operations of the consolidated entity and that there are no contractually obligated commitments of the consolidated entity beyond one year, the directors are not able to determine the expenditure commitments beyond 30 June 2006.

## 19. Expenditure Commitments (continued)

	Consolida	ated Entity	Paren	t Entity
	2005 \$	2004 \$	2005 \$	2004 \$
Due within one year	150,500	10,000	150,500	10,000

At the date of this report no commitments have been made for subsequent years.

## 20. Employee Benefits

#### **Employee Benefits**

The aggregate employee benefit liability is comprised of:
Provisions (current)

5,628 - 5,628

## 21. Contingent Liabilities

The consolidated entity has indemnified related entities in respect to guarantee performance under Department of Industry and Resources obligations over site restoration requirements over certain tenements. These guarantees are secured by funds on deposit of \$148,000 (2004; \$264,738) and relate to Mikado Joint Venture of which the company has a 50% beneficial interest. This interest was disposed of subsequent to year end.

Consolidated Entity

## 22. Loss Per Share

The following reflects the data used in the calculations of basic and diluted loss per share:

	2005 \$	2004 \$
Loss used in calculating basic and diluted loss per sha	ure (660,696)	(2,955,239)
		ber of Shares
Weighted average number of ordinary shares	2005	2004
used in calculating basic loss per share	207,856,624	230,973,629
Weighted average number of ordinary shares		
used in calculating diluted loss per share	207,856,624	230,973,629
	2005	2004
Basic (loss) per share (cents per share)	(0.32)	(1.28)
Diluted (loss) per share (cents per share)	(0.32)	(1.28)

15,750,000 ordinary shares were issued subsequent to the end of the financial year as a result of the exercise of options.

## Options:

Some of the options on issue are potential ordinary shares as the exercise price is less than the market price of ordinary shares. 1,660,000 are not considered to be dilutive. Details of options issued are referred to in Note 15, which includes options issued subsequent to the end of the financial year.

## 23. Director and Executive Disclosure

## (a) Details of Specified Directors and Specified Executives

#### (I) Specified Directors

Dr Leon Pretorius	Non-executive director	Appointed 7 June 2005
Mr James Pratt	Managing Director	Appointed 9 December 2004
Mr Gary Steinepreis	Director	Appointed 20 August 2004
Mr David Steinepreis	Director	Appointed 20 August 2004, resigned 7 January 2005
Mr Hugh Warner	Director	Appointed 20 August 2004, resigned 18 July 2005
Mr Rick Crabb	Non-executive director	Resigned 20 August 2004
Mr John Blue	Non-executive director	Resigned 20 August 2004
Mr Alistair Cowden	Director	Resigned 20 August 2004
Mr Brett Dickson	Director	Resigned 20 August 2004

## (ii) Specified Executives

There were no specified executives during the financial year other than the Directors.

## (b) Remuneration of Specified Directors

## (I) Remuneration Policy

The full Board is responsible for determining and reviewing compensation arrangements for the directors. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. The Company does not link the nature and amount of the emoluments of such officers to the Company's financial or operational performance. There are no management contracts.

## (ii) Remuneration of Specified Directors and Specified Executives

Details of the nature and amount of each element of the emolument of each director of the Company are as follows:

	Annual Emoluments Consulting Salary Superannuation Fees				Executive	Tatal	
Directors		Salary Su \$	perannuation \$	rees \$	Options \$	Total S	
Dr Leon Pretorius	2005	-	-	5,000 (a)	-	5,000	
	2004	-	-	-	-	-	
Mr James Pratt	2005	50,000	4,500	-	396,162 (e)	450,662	
	2004	-	-	-	-	-	
Mr Gary Steinepreis	2005	-	-	40,000 (b)	-	40,000	
	2004	-	-	-	-	-	
Mr David Stelnepreis	2005	-	-	40,000 (c)	-	40,000	
	2004	-	-	-	-	~	
Mr Hugh Warner	2005	36,697	3,303	-	-	40,000	
	2004	-	-	-	-	-	
Mr Rick Crabb	2005	-	-	-	-	-	
	2004	-	-	12,000 (d)(i)	-	12,000	
Mr Alistair Cowden	2005	-	-	-	-	-	
	2004	-	-	26,600 (d)(ii)	-	26,600	
Mr Brett Dickson	2005	-	-	-	-	~	
	2004	-	-	20,000 (d)(iii)	-	20,000	
Mr John Blue	2005	-	-	-	-	-	
	2004	-	-	12,896 (d)(iv)	-	12,896	
Total remuneration	2005	86,697	7,803	85,000	396,162	575,662	
	2004	-	-	71,496	-	71,496	

## Director and Executive Disclosure (continued)

- (a) Consulting fees relating to Leon Pretorius were paid to Opaline Pty Ltd, an entity associated with Dr Pretorius.
- (b) Consulting fees relating to Gary Steinepreis were paid to LeisureWest Consulting Pty Ltd, an entity associated with Mr Steinepreis.
- (c) Consulting fees relating to David Steinepreis were paid to Ord Street Services, an entity associated with Mr Steinepreis.
- (d) Prior year director transactions these directors do not receive any direct remuneration but were paid on a consultancy basis as detailed below.
  - (i) Mr R W Crabb is a director and shareholder in Chatsworth Stirling Pty Ltd. The Company entered into a contract with Chatsworth Stirling Pty Ltd for the provision of corporate advice. Fees accrued during 2004 at normal commercial rates were \$48,000.
  - (ii) Dr A Cowden is a director and shareholder in Drumfrochar Pty Ltd. The Company entered into a contract with Drumfrochar Pty Ltd for the provision of management services. Fees accrued during 2004 at normal commercial rates were \$132,000.
  - (iii) Mr B D Dickson is a director and shareholder in Coolform Investments Pty Ltd. The Company entered into a contract with Coolform Investments Pty Ltd for the provision of corporate accounting and secretarial services. Fees accrued during 2004 at normal commercial rates were \$99,000.
  - (iv) Mr J Ł Blue is a shareholder in Resolute Securities Pty Ltd. The Company has entered into a contract with Resolute Securities Pty Ltd for the provision of corporate advice. Fees paid during 2004 at normal commercial rates were \$20,277.

## (c) Executive options - non cash benefit

Mr James Pratt was granted executive options during the period which are considered to be a non-cash benefit and subject to a vesting period. A fair value has been assessed using the Black-Scholes option pricing model. The total fair value was assessed as \$482,740 however, only 50% have vested as at 30 June 2005 and therefore a pro-rata amount of \$396,162 has been disclosed, being the vested portion. The amount of \$396,162 represents 88% of Mr Pratt's total remuneration. The factors taken into account by the Black-Scholes option pricing model, which provides a theoretical value, include the following:

Grant date:	4 March 2005
Number of options granted:	10,000,000
Vesting date:	5,000,000 on
	grant, 5,000,000
	six months
	from grant
Exercise price:	2 cents
Term of the option:	exercisable on or
	before 31/12/07

Market price of shares when valued: 6.2 cents

Volatility of the underlying share: 80%

Risk-free interest rate: 5.25%

Value per option at grant date: 4.827 cents

Other than the directors, there were no specified executives of the Company directly accountable and responsible for the operational management and strategic direction of the Company and the consolidated entity.

## (d) Directors' Shareholdings and Optionholdings

Number of shares held by Directors at 30/6/2005 (directly and indirectly)

	Balance 30/6/04	Issue and allotment of shares	Net Change Other (i)	Balance 30/6/05
Dr L Pretorius	-	-	15,000,000	15,000,000
Mr James Pratt	-	3,125,000 (a)	-	3,125,000
Mr Gary Steinepreis	-	36,579,166 (a) (b)	-	36,579,166
Mr David Stelnepreis	-	29,079,166 (a) (b)	(6,000,000)	23,079,166
Mr Hugh Warner	-	34,579,166 (a) (b)	-	34,579,166

<sup>(</sup>i) Net change other refers to shares purchased and/or sold during the financial year.

## 23. Director and Executive Disclosure (continued)

Number of options held by Directors (directly and indirectly)

	Balance 30/6/04	Granted as non cash benefit	Granted during the year	Exercised during the year	Balance 30/6/05	Vested and exercisable at the end of the year
Dr L Pretorius	-	-	-	-	-	-
Mr James Pratt	-	10,000,000 (d)	-	-	10,000,000	5,000,000
Mr Gary Steinepre	is -	-	9,000,000 (a) (b) (c)	-	9,000,000	9,000,000
Mr David Steinepre	eis -	-	9,000,000 (a) (b) (c)	3,000,000	6,000,000	6,000,000
Mr Hugh Warner	-	-	9,000,000 (a) (b) (c)	-	9,000,000	9,000,000

#### Notes:

- (a) Securities were issued pursuant to shareholder approval and under a Prospectus, as part of the recapitalisation proposal.
- (b) Each relevant interest of these directors includes the shares and options held by Ascent Capital Pty Ltd, an entity of which they are directors and 1/3 shareholders.
- (c) Options issued under Prospectus dated 1 November 2004 to subscribe for 1 ordinary share in the capital of the Company on or before 31 December 2007 at
- an exercise price of 1 cent each for an issue price of 0.003 cents per option. Options carry no rights to dividends and no voting rights. Each option is convertible into one ordinary share.
- (d) Options issued on 4 March 2005 to subscribe for 1 ordinary share in the capital of the Company on or before 31 December 2007 at an exercise price of 2 cents each for nil consideration paid. Options carry no rights to dividends and no voting rights. Each option is convertible into one ordinary share.

The directors in office as at 30 June 2004 held the following interests in securities:

Post-consolidation and recap	italisation	Shares	Unlisted Options
Mr Rick Crabb	- directly	-	-
	- indirectly	341,674	18,537
Mr Alistair Cowden	- directly	800,000	666,667
	- indirectly	200,000	-
Mr Brett Dickson	- directly	111,011	200,000
	- indirectly	185,400	-
Mr John Blue	- directly	-	-
	- indirectly	20,957	-

#### (e) Other transactions with specified directors:

- (i) A director, Mr. D C Steinepreis, is a principal of Ord Street Services. During the year, office rent of \$26,400 (2004: nil) was paid for the provision of office accommodation on normal commercial terms and conditions.
- (ii) Directors, Mr. D C Steinepreis, Mr. G C Steinepreis and Mr. H D Warner are also directors of Ascent Capital Pty Ltd. During the year, fees were paid to Ascent Capital Pty Ltd in the amount of \$50,000 (2004: nil) for the provision of the services of Mr. D C Steinepreis, Mr. G C Steinepreis and Mr. H D Warner in the reconstruction and relisting of the Company on normal commercial terms and conditions.
- (iii) As disclosed in Note 28 significant events after balance date, the Company disposed of its interest in Tanzanian prospecting licences to Uranium Resources plc on normal commercial terms and conditions. Mr Hugh Warner, former director of the Company, and Dr Leon Pretorius are directors of Uranium Resources plc.

#### 24. Auditor's Remuneration

		Consolidated Entity		Parent Entity	
		2005 2004		2005 20	
		S	\$	\$	\$
	Amount received or due and receivable				
	by Ernst & Young Australia for:				
(a)	An audit or review of the financial report				
	of the entity and any other entity in the				
	consolidated entity	39,550	34,250	39,550	34,250
(b)	Other services in relation to the entity				
	and any other entity in the consolidated entity				
	- tax compliance	-	26,688	-	26,688

#### 25. Related Party Transactions

# (a) Transaction with Related Parties in the Wholly-Owned Group

The parent entity entered into the following transactions during the year with related parties in the wholly-owned group:

	2005 200 \$	\$ \$
Transaction Type		

## Loans to other related parties

Loans repaid - - 1,482,761

All loans to other related parties are unsecured and non-interest bearing.

Amounts due to and receivable from other related parties are set out in the respective notes to the financial statements.

## (b) Ultimate Controlling Entity

The ultimate and immediate controlling entity of the consolidated entity is Deep Yellow Limited.

## 26. Financial Reporting By Segments

The consolidated entity operated only in one business segment being mining and exploration. The mining and exploration segment carries out exploration for uranium, gold and other minerals that, where successful, it develops into a producing site or sells to other producers.

The consolidated entity operated primarily in the single geographic segment of Australia.

The consolidated entity undertook exploration activities in Tanzania, for which costs of \$83,796 have been charged as exploration expenditure and \$30,100 as payments to consultants and employees in the Statement of Financial Performance. The Company has, subsequent to the end of the financial year disposed of the Tanzanian subsidiary. Refer to Note 28 for further details.

## 27. Financial Instruments

## (a) Interest Rate Risk Exposures

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities comprises:

2005		Floating	Fixed interest rate	Non- Interest	Average Interest Rate		
	Note	· ·		Bearing \$	Total \$	Floating	Fixed
Financial assets							
Cash	5	3,536,679	-	-	3,536,679	4.8%	N/A
Secured deposits	6	-	79,000	-	79,000	N/A	5.51%
		3,536,679	79,000	-	3,615,679		
Financial liabilities							
Trade creditors	13	-	-	(45,968)	(45,968)	N/A	N/A
		-	-	(45,968)	(45,968)		
Net financial assets	,	3,516,679	79,000	(45,968)	3,569,711		

Reconciliation of net financial assets to net assets:

f	Reference Note	2005 \$
Net financial assets as above		3,569,711
Non financial assets and liabilities:		
Property, plant and equipment	11	1,367
Deferred exploration expenditure	12	1,050,000
Net assets as per balance sheet		4,621,078

2004	9				Non- Interest	,	Average Int	erest Rate
	Note	Rate \$	maturing in one year or less \$	Bearing \$	Total \$	Floating	Fixed	
Financial assets								
Cash	5	177,507	-	-	177,507	3.80%	-	
Other debtors	6	-	-	114,850	114,850	-	-	
Listed shares and options	8	-	-	948,500	948,500	-	-	
Secured deposits	6	-	264,738	-	264,738	-	5.35%	
	_	177,507	264,738	1,063,350	1,505,595			
Financial liabilities	_							
Trade creditors	13	-	-	(2,408,368)	(2,408,368)	-	-	
	_	-	-	(2,408,368)	(2,408,368)			
Net financial assets	_	177,507	264,738	(1,345,018)	(902,773)			
Net financial assets	-	177,507	264,738	(1,345,018)	(902,773)			

## 27. Financial Instruments (continued)

Reconciliation of net financial assets to net assets:

Ŕ	eference Note	2004 \$				
Net financial assets as above		(902,773)				
Non financial assets and liabilities:						
Inventories	7	280,069				
Property, plant and equipment	11	15,414				
Deferred exploration expenditure	12	400,000				
Provision for employee benefits	14	(5,628)				
Provision for tenement rehabilitation	14	(109,000)				
Net assets as per balance sheet		(321,918)				

#### (b) Credit Risk Exposures

Credit risk refers to the risk that a counterpart will default on its contractual obligations, resulting in financial loss to the consolidated entity. The consolidated entity has adopted the policy of only dealing with credit worthy counterparts and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The consolidated entity does not have any significant credit risk exposure to any single counterpart or any group of counterparts having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the consolidated entity's maximum exposure to credit risk.

## (c) Net Fair Values of Financial Assets and Liabilities

The carrying amounts of financial assets and liabilities equal their estimated net fair value.

#### 28. Significant Events after the Balance Date

The financial effect of the non-adjusting significant events after the balance date will be the same under both current AGAAP and AIFRS.

On 7 June 2005, the Company announced the appointment of Dr Leon Pretorius as a non-executive Director of the Company. As part of the consideration for Dr Pretorius joining the board, the board resolved to issue Dr Pretorius with 15,000,000 Executive Options. The issue was subject to shareholder approval, which was obtained on 30 August 2005 and the options were issued on 8 September 2005.

On 29 June 2005, the Company announced that it had entered into a conditional agreement to acquire the rights to Tanami Gold NL's and Tanami Exploration NL's entire interest in any uranium minerals in their tenements in the Tanami-Arunta Province covering both the Northern

Territory and Western Australia. The acquisition was subject to shareholder approval, which was obtained on 30 August 2005, and regulatory and third party consents. The consideration for the acquisition was 30,000,000 Shares, 15,000,000 of which are subject to escrow for 18 months, together with \$400,000. The contract settled on 15 September 2005.

On 18 July 2005, the Company announced that it had entered into a conditional agreement to acquire A1 Mineral Ltd's applications for exploration licences in the Ponton region of Western Australia and sell the Company's interest in the Mikado Gold Joint Venture. The agreement is subject to shareholder approval, which was obtained on 30 August 2005, approval of the trustee of creditors of the Deep Yellow Creditors Trust and regulatory consents. The consideration for the acquisition is 3,000,000 Shares together with transfer of the Company's 50% interest in the Mikado Gold Joint Venture and settlement of the Priority Deed. The contract settled on 15 September 2005.

On 18 July 2005, the Company announced that it had entered into a conditional agreement to acquire Paladin Resources Ltd's 90% interest in the Siccus Joint Venture which relates to an exploration licence in the Frome Basin of South Australia and database on the Frome Basin. The agreement is subject to shareholder approval, which was obtained on 30 August 2005, and issue of the consideration in accordance with the Corporations Act. The consideration for the acquisition is 7,500,000 Shares and 12,500,000 Options. The contract settled on 15 September 2005.

On 18 July 2005, the Company agreed to self its Tanzanian prospecting licences to Uranium Resources plc (Uranium Resources), a company listed on the London Stock Exchange's AIM market, in consideration for £50,000 in cash and 6,000,000 shares valued at approximately £180,000 (a total consideration of approximately A\$575,000). The contract settled on 15 September 2005.

Other than the above, there has not been any matter or circumstance that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

# 29. Impact of Adopting Australian Equivalents to International Financial Reporting Standards

The Company has allocated internal resources to conduct impact assessments to isolate key areas that will be impacted by the transition to the Australian equivalents to International Financial Reporting Standards (AIFRS). As a result of this assessment priority has been given to considering the preparation of an opening balance sheet in accordance with AIFRS as at 1 July 2004. This will form the basis of accounting for AIFRS in the future, and is required when the Company prepares its first fully AIFRS compliant financial report for the year ended 30 June 2006.

Preliminary assessments have been made to identify the key areas that will be impacted and these have been summarised below. Management has not yet reached a point where it is practical to provide reliable estimates of the financial effects of the transition to AIFRS. To date, management has focussed on the recapitalisation of the company and development of Deep Yellow as a uranium exploration and development company. The directors expect the management team to complete the transition process in the second quarter of the 2005/06 year.

#### Impairment of Assets

Under AASB 136 Impairment of Assets the recoverable amount of an asset is determined as the higher of net selling price and value in use. This will result in a change in the group's current accounting policy which determines the recoverable amount of an asset on the basis of undiscounted cash flows. Under the new policy it is likely that impairment of assets will be recognised sooner and that the amount of write-downs will be greater. The financial effect of this change in accounting policy has not yet been reliably estimated.

## Share Based Payments

Under AASB 2 Share Based Payments, the Company will be required to determine the fair value of options issued to employees as remuneration and recognise an expense in the Statement of Financial Performance. This standard is not limited to options and also extends to other forms of equity based remuneration. It applies to all share-based payments issued after 7 November 2002 which have not vested as at 1 January 2005. The adjustment to be made on transition to AIFRS has not yet been quantified.

## Income Taxes

Under AASB 112 Income Taxes, the Company will be required to use a balance sheet liability method which focuses on the tax effects of transactions and other events that affect amounts recognised in either the Statement of Financial Position or a tax-based balance sheet. The adjustment to be made on transition to AIFRS has not yet been quantified.

#### Exploration

AASB 6 "Exploration for the Evaluation of Mineral Resources" will require the Company to apply "area of interest" accounting to exploration and evaluation expenditures, effectively grandfathering the treatment currently used by the Company under AASB 1022 "Accounting for the Extractive Industries". Under AASB 6, if facts and circumstances suggest that the carrying amount of any recognised exploration and evaluation assets may be impaired, the Company must perform impairment tests on those assets in accordance with AASB 136 "Impairment of Assets".

Impairment of exploration and evaluation assets is to be assessed at a cash generating unit or group of cash generating units level provided this is no larger than the area of interest. Any impairment loss is to be recognised as an expense in accordance with AASB 136.

The adoption of AASB 6 is not expected to lead to a change in the Company's accounting policy with respect to exploration and evaluation expenditure.

#### Rehabilitation Provision

AASB 137 "Provisions, Contingent Liabilities and Contingent Assets" requires that the present value of restoration obligations associated with mining operations be recognised as a non-current liability and the costs of future restoration be capitalised as part of the relevant project. The capitalised cost is then amortised over the life of the project and the provision is accredited periodically as the discounting of the liability unwinds. The unwinding of the discount is recorded as an interest expense. This differs to the current accounting policy where the consolidated entity accrues the liability for restoration costs to the Statement of Pinancial Position progressively over the life of mine, based on the present value of the estimated cost of restoration for disturbance that has occurred up to balance date. Adjustments may be required to the liability recognised where the amount accrued at the date of transaction under Australian GAAP differs from that required under IFRS. The adjustments that may be required have not yet been determined.

#### Financial Instruments

Deep Yellow will be taking advantage of the exemption available under AASB 1 to apply AASB 132 and AASB 139 only from 1 July 2005. This allows the Company to apply previous Australian generally accepted accounting principles (AGAAP) to the comparative information of financial instruments within the scope of AASB 132 and AASB 139 for the 30 June 2006 financial report.

Under AASB 139, and AASB 132, recognition and measurement of all financial instruments at fair value is required. The effect of adopting this standard has not yet been quantified.

## DIRECTORS' DECLARATION

In the opinion of the Directors of Deep Yellow Limited:

- (a) The financial statements and notes of the Company and of the consolidated entity are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position of the Company and of the consolidated entity at 30 June 2005 and their performance, as represented by their results and cash flows, for the year ended on that date; and
  - (ii) complying with Accounting Standards and the Corporations Act 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the Company and the consolidated entity will be able to pay their debts as and when they become due and payable.

The directors have been given the declarations by the chief executive officer and chief financial officer as required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the directors.

On behalf of the Directors

**Gary Steinepreis** 

Director

West Perth

28 September 2005

## AUDITOR'S INDEPENDENCE DECLARATION



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

GPO Box M939 Perth WA 6843 ■ Tel 61 8 9429 2222 Fax 61 8 9429 2436

## 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 financial year ended 30 June 2005, 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.

Ent & Young
Ernst & Young

Gavin A Buckingham

Partner

28 September 2005

## INDEPENDENT AUDIT REPORT

## **II ERNST & YOUNG**

■ The Ernst & Young Building 11 Mounts Bay Road Perth WA 6000 Australia ■ Tel 61 8 9429 2222 Fax 61 8 9429 2436

Independent audit report to members of Deep Yellow Limited

GPO Box M939 Perth WA 6843

#### Scope

The financial report, remuneration disclosures and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Deep Yellow Limited (the company) and the consolidated entity, for the year ended 30 June 2005. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company and the consolidated entity, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The directors are also responsible for the remuneration disclosures contained in the directors' report.

#### Audit approach

We conducted and independent audit of the financial report in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement and the Corporations Regulations 2001. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report and the remuneration disclosures; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

#### Independence

We are independent of the company and the consolidated entity and have met the independence requirements of Australian professional ethical pronouncements and 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.

#### Audit opinion

In our opinion the financial report of Deep Yellow Limited is in accordance with:

- (a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position of Deep Yellow Limited and the consolidated entity at 30 June 2005 and of their performance for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

Ernst & Young

Gavin A Buckingha

Partner Perth

28 September 2005

Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW)

## ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report, as at 28 September 2005

## 1. Shareholding

a. Distribution of Shareholders.

	Number of
Category (size of Holding)	Holders
1 ~ 1,000	707
1,001 - 5,000	812
5,001 - 10,000	590
10,001 – 100,000	1,777
100,001 - and over	478
	4,364

- b. There are 4,364 holders of fully paid ordinary shares. The Company has no other class of shares issued.
- c. The number of shareholdings held in less than marketable parcels is 1,067.
- d. The substantial shareholders of the Company are as follows:

Name	Number of equity		
	securities		
RA and HM Healy	38,200,000		
Tanami Gold NL	30,000,000		
Paladin Resources Ltd and			
Paladin Energy Minerals NL	22,500,000		

## e. Voting Rights

The voting rights attached to each class of equity security are as follows:

## Ordinary shares

Each ordinary share is entitled to one vote when a poll is called otherwise each member present at a meeting or by proxy has one vote on a show of hands.

#### Options

These securities have no voting rights.

## ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (continued)

## f. 20 Largest Shareholders as at 28 September 2005— Ordinary Shares

	Name	Number of ordinary shares held	<b>%</b>
1	TANAMI GOLD NL	30,000,000	6.75
2	MR ROBERT ANTHONY HEALY	27,650,904	6.22
3	MR ZAC ROSSI & MRS THELMA ROSSI	17,462,390	3.93
4	PALADIN ENERGY MINERALS NL	15,000,000	3.38
5	DR LEON EUGENE PRETORIUS	13,000,000	2.93
6	ANZ NOMINEES LIMITED <cash a="" c="" income=""></cash>	11,662,153	2.62
7	MS GILLIAN SWABY	9,750,600	2.19
8	NET NOMINEES LIMITED	9,612,660	2.16
9	PALADIN RESOURCES LTD	7,500,000	1.69
10	COMSEC NOMINEES PTY LIMITED	4,991,449	1.12
11	PATICOA NOMINEES PTY LTD	4,937,990	1.11
12	M/S GAYLE ELIZABETH MCGARRY	3,750,000	0.84
13	STRATEGIC CONSULTANTS PTY LTD	3,400,000	0.77
14	PLANLINE PTY LTD	3,350,000	0.75
15	NEFCO NOMINEES PTY LTD	3,278,060	0.74
16	MR ROBERT ANTHONY HEALY & MRS HELEN MAREE HEALY	3,250,000	0.73
17	NATIONAL NOMINEES LIMITED	3,026,242	0.68
18	A1 MINERALS LIMITED	3,000,000	0.68
19	OAKHURST ENTERPRISES PTY LTD	3,000,000	0.68
20	RUBY COMMERCIAL LTD	3,000,000	0.68
TC	DTAL	180,621,848	40.65

## ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (continued)

#### g. Unlisted Options

The Company has a number of unlisted options on issue:

25,000,000 options expiring 31 December 2007 with an exercise price of 1 cent each with 1 holder

10,000,000 options expiring 31 December 2007 with an exercise price of 2 cents each with 1 holder

10,000,000 options expiring 31 December 2007 with an exercise price of 5 cents each with 1 holder

5,000,000 options expiring 31 December 2008 with an exercise price of 7.5 cents each with 1 holder

12,500,000 options expiring 31 July 2008 with an exercise price of 12 cents each with 1 holder

1,500,000 options expiring 31 December 2005 with an exercise price of 50 cents each with 7 holders

160,000 options expiring 1 January 2007 with an exercise price of 35 cents each with 3 holders

Holders of more than 20% of each class of unlisted options

	Exercise Date	Exercise Price	Number
Paladin Energy			
Minerals NL	31/12/07	– 1 cent	25,000,000
James Pratt	31/12/07 –	2 cents	10,000,000
Dr Leon Pretorius	31/12/07 –	5 cents	10,000,000
Dr Leon Pretorius	31/12/08 – 7	.5 cents	5,000,000
Paladin Resources			
Ltd	31/7/08 – "	12 cents	12,500,000
Alistair Cowden	31/12/05 – 5	50 cents	666,667
Don Horn	1/1/07 – 3	35 cents	100,000
Terry Peachy	1/1/07 – 3	35 cents	40,000

#### h. Restricted securities

The Company has the following voluntary restricted securities:

Number and class Date that the voluntary escrow ends

Tanami Gold NL 15,000,000

Ordinary 15 March 2007

A1 Minerals Ltd 3,000,000

Ordinary 15 September 2006

## i. On-Market Buy-Back

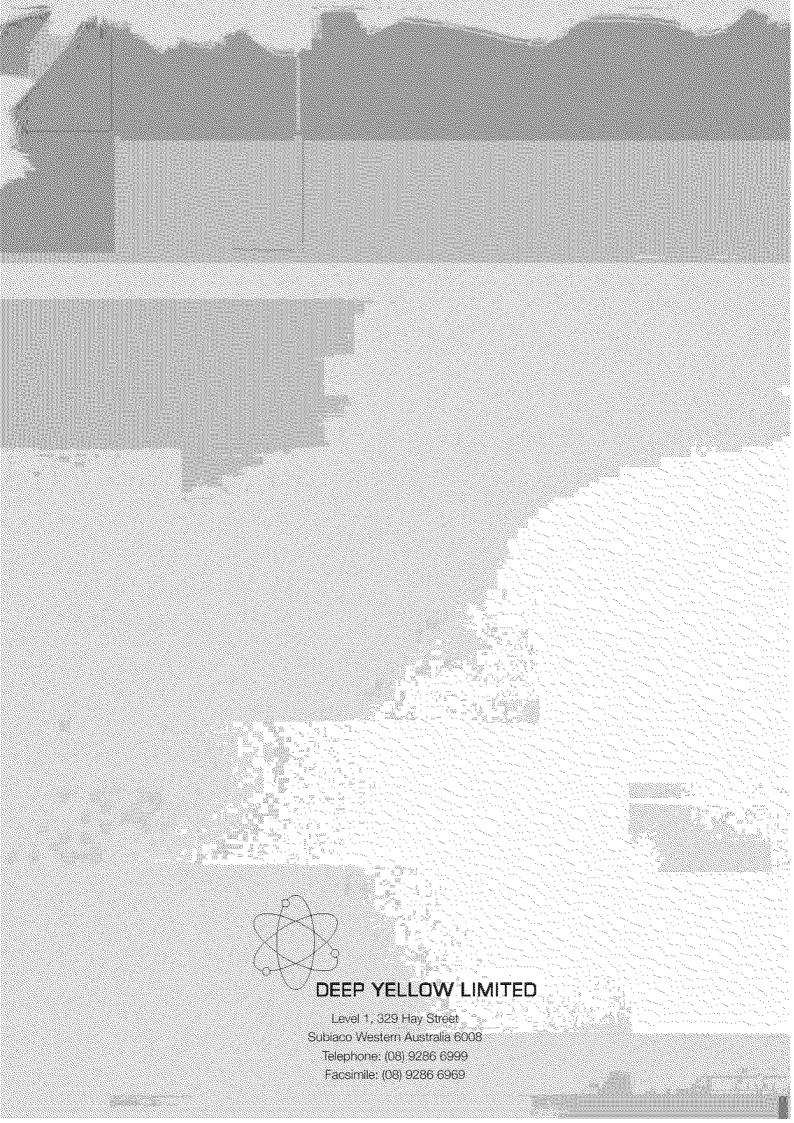
There is no current on-market buy-back.

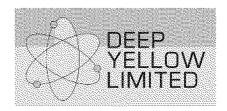
## j. Interests in mining tenements

The Company has the following interests in mining tenements:

Name of tenement	Location	Percentage interest held
Napperby, EL24246	Northern Territory	100%
Napperby, ELA24606	Northern Territory	100%
Northeast Arunta, £L9890	Northern Territory	100%
Daria, ELA24547	Northern Territory	100%
Ponton North, ELA39/1140-39/1144	Northern Territory	100%
Siccus, EL3288	South Australia	90%
Uranium rights to areas of Interest held by Tanami Gold	Northern Territory	
NL and Tanami Exploration NL	and Western Australia	100%

## SHAREHOLDER NOTES





## **DEEP YELLOW LIMITED**

ACN 006 391 948

# NOTICE OF ANNUAL GENERAL MEETING PROXY FORM

## AND

## **EXPLANATORY MEMORANDUM**

Date of Meeting 29 November 2005

Time of Meeting 10.00am

Place of Meeting
The Celtic Club
48 Ord Street
West Perth, Western Australia

Deep Yellow Limited Level 1 329 Hay Street Subiaco WA 6008

Tel: + 61 8 9286 6999 Fax: + 61 8 9286 6969

## DEEP YELLOW LIMITED ACN 006 391 948

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the members of Deep Yellow Limited ("**Company**") will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on 29 November 2005 at 10.00am for the purpose of transacting the following business.

## **AGENDA**

## **BUSINESS**

An Explanatory Memorandum containing information in relation to each of the following resolutions accompanies this Notice of Meeting.

## 1. FINANCIAL REPORT

To receive the financial report for the year ended 30 June 2005, and the Directors' and Auditors' Reports thereon.

## Resolution 1 – Election of Martin Kavanagh as Director

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

"That Mr Martin Kavanagh be re-elected as a Director".

## Resolution 2 – Election of Gillian Swaby as Director

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

"That Ms Gillian Swaby be re-elected as a Director".

## Resolution 3 – Grant of Options to Martin Kavanagh

To consider and, if thought fit, to pass with or without amendment the following resolution as an ordinary resolution:

"That pursuant to section 208 of the Corporations Act and Listing Rule 10.11 of the Listing Rules of the Australian Stock Exchange Limited the Directors be and are hereby authorised to grant and issue up to 5,000,000 options for no consideration, exercisable on or before 31 December 2008, exercisable as to 3,000,000 at 25 cents and 2,000,000 at 35 cents to Martin Kavanagh or his nominee, on the terms and conditions set out in the

Explanatory Memorandum accompanying this Notice of Meeting (including Annexure A to the Explanatory Memorandum)."

The Company will in accordance with section 224 of the Corporations Act 2001 (Commonwealth of Australia) disregard any votes cast on Resolution 3 by Martin Kavanagh or any associates of Martin Kavanagh. However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## Resolution 4 - Grant of Options to Gillian Swaby

To consider and, if thought fit, to pass with or without amendment the following resolution as an ordinary resolution:

"That pursuant to section 208 of the Corporations Act and Listing Rule 10.11 of the Listing Rules of the Australian Stock Exchange Limited the Directors be and are hereby authorised to grant and issue up to 5,000,000 options for no consideration, exercisable on or before 31 December 2008, exercisable as to 3,000,000 at 25 cents and 2,000,000 at 35 cents to Gillian Swaby or her nominee, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting (including Annexure A to the Explanatory Memorandum)."

The Company will in accordance with section 224 of the Corporations Act 2001 (Commonwealth of Australia) disregard any votes cast on Resolution 4 by Gillian Swaby or any associates of Gillian Swaby. However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## **Resolution 5: Remuneration Report**

To consider and, if thought fit, to approve the following resolution as an **ordinary resolution**:

"To adopt the Remuneration Report for the year ended 30 June 2005."

**Note:** The vote on this resolution is advisory only and does not bind the Directors of the Company

#### Other business

To deal with any other business which may be brought forward in accordance with the Company's Constitution and the Corporations Act 2001 (Cth).

By order of the Board

Gill Swaby

Director

Dated: 11 October 2005

## For the purpose of the above Resolutions:

"Company" means Deep Yellow Limited ACN 006 391 948;

"Corporations Act" means the Corporations Act 2001 (Cth);

"Option" means an option to acquire a Share, the terms and conditions of which are set out in Annexure A to the Explanatory Memorandum accompanying this Notice of Meeting; and

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

## **PROXIES**

A shareholder entitled to attend and vote at the above Annual General Meeting of shareholders may appoint not more than two proxies. Where more than one proxy is appointed, each proxy may be appointed to represent a specified proportion of the shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the shareholder's voting rights. A proxy may, but need not be, a shareholder of the Company. Proxy forms must reach the Registered Office of the Company at least 48 hours prior to the Annual General Meeting.

## **ENTITLEMENT TO VOTE**

For the purposes of regulation 7.11.37 of the Corporations Regulations, the Company determines that members holding ordinary shares at the close of business on 25 November 2005 will be entitled to attend and vote at the Annual General Meeting.

## DEEP YELLOW LIMITED ACN 006 391 948

#### **EXPLANATORY MEMORANDUM**

This Explanatory Memorandum is intended to provide shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting ("**Notice**") of the Company.

The Directors of the Company ("Directors") recommend shareholders read this Explanatory Memorandum in full before making any decision in relation to the resolutions.

The following information should be noted in respect of the various matters contained in the accompanying Notice:

## **Annual Accounts**

Appropriate time will be devoted to the consideration of the Financial Statements and Reports of the Company for the year ended 30 June 2005.

#### Resolutions 1 and 2 - Re-election of Directors

Mr Martin Kavanagh and Ms Gillian Swaby retire from office in accordance with the Constitution, having been appointed to the Board since the last Annual General Meeting. Being eligible they now submit themselves for re-election.

## Resolutions 3 and 4 – Grant of Options to Directors

Shareholder approval is being sought in Resolutions 3 and 4 to grant a total of 10,000,000 Options to the Non-executive Directors of the Company, Mr Martin Kavanagh and Ms Gillian Swaby.

The grant of Options is designed to encourage the recipients to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through share ownership. Under the Company's current circumstances the Directors consider (in the absence of Mr Martin Kavanagh and Ms Gillian Swaby) that the incentives to the parties noted above, represented by the issue of these Options, are a cost effective and efficient reward and incentive for the Company, as opposed to alternative forms of incentive, such as the payment of additional cash compensation.

The number of Options to be granted to each of the Directors has been determined based upon a consideration of:

 The remuneration of the Directors – the Directors wish to ensure that the remuneration offered is competitive with market standards and where appropriate, based upon performance hurdles. The Directors consider the proposed number of Options to be issued will ensure that the Directors' overall remuneration is in line with market standards. Further, the exercise price is well above the current Share price.

 Incentives to attract and ensure continuity of service of the Directors who have appropriate knowledge and expertise.

The Directors have determined the exercise price in light of the recent price of Shares in the Company. In this regard, in the 12 month period before the issue of this Notice of Meeting, the highest price of Shares was 20 cents on 28 September 2005 and the lowest price was 1 cent on 11 October 2004. The latest available closing price prior to the date of the Notice of Meeting was 16.5 cents. In respect of the Options to be granted to the Directors, the exercise prices of \$0.25 and \$0.35 are above the weighted average closing share price (16.86 cents) on the ASX over the 5 trading days preceding the date of this Notice of Meeting.

In the event the Options are exercised, the following amounts will need to be paid to the Company by the Directors:-

Director	Amount to be paid
Martin Kavanagh	\$1,450,000
Gillian Swaby	\$1,450,000

The Company will therefore receive \$2,900,000 from the Directors.

## **Related Party Transactions Generally**

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a *related party* of the public company *unless* either:

- 1. the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
- 2. prior shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, each of the Directors are considered to be related parties of the Company.

Resolutions 3 to 4 provide for the grant of Options to Directors of the Company which is a financial benefit requiring shareholder approval.

## **Current Holdings**

Set out below are details of each of the Directors' relevant interest in the securities of the Company as at the date of this Notice:

F*5			
Directors	Direct Holdings and those of Associates		
Martin Kavanagh (Note 1)	250,000 fully paid shares		
Gillian Swaby (Note 2)	13,150,000 fully paid shares		

## Notes:

- 1. 250,000 shares are held by Conway Bay Pty Ltd as trustee for Kavanagh Family Trust of which M Kavanagh is a beneficiary.
- 2. 9,750,000 shares are held in the name of Gillian Swaby and 3,400,000 shares are held in the name of Strategic Consultants Pty Ltd of which G Swaby is a director and 100% beneficial shareholder.

## INFORMATION REQUIREMENTS

For the purposes of Chapter 2E of the Corporations Act the following information is provided.

The related party to whom the proposed resolution would permit the financial benefit to be given:

Subject to shareholder approval the following maximum number of Options will be granted to the following related parties or their respective nominees:

Name of Related Party	Number of Options
Martin Kavanagh	5,000,000
Gillian Swaby	5,000,000
Total	10,000,000

In respect of the 10,000,000 Options to be granted to the Directors, the exercise prices being 25 cents and 35 cents is above the weighted average closing share price (16.86 cents) on the ASX over the 5 trading days preceding the date of this Notice of Meeting.

Each of the Directors are related parties of the Company.

## The nature of the financial benefit

The proposed financial benefit to be given is the grant of Options for no consideration to the Directors as noted above. The terms and conditions of the

Options to be granted to the Directors are set out in Annexure A to this Explanatory Memorandum.

#### Directors' recommendation

For the reasons noted above:

Dr Leon Pretorius and Ms Gillian Swaby (who have no interest in the outcome of the Resolution) recommend that shareholders vote in favour of Resolution 3. Mr Martin Kavanagh declines to make a recommendation about Resolution 3 as he has a material personal interest in the outcome of that particular resolution as it relates to the proposed issue of options to him individually.

Dr Leon Pretorius and Mr Martin Kavanagh (who have no interest in the outcome of the Resolution) recommend that shareholders vote in favour of Resolution 4. Ms Gillian Swaby declines to make a recommendation about Resolution 4 as she has a material personal interest in the outcome of that particular resolution as it relates to the proposed issue of options to her individually.

All the Directors were available to make a recommendation.

# Other information that is reasonably required by members to make a decision and that is known to the Company or any of its Directors

The proposed ordinary Resolutions 3 and 4 would have the effect of giving power to the Directors to grant up to 10,000,000 Options on the terms and conditions as set out in Annexure A to this Explanatory Memorandum and as otherwise mentioned above. The Company presently has 444,317,683 issued shares and 64,160,000 unlisted Options.

If all Options granted as proposed above are exercised, together with the existing unlisted options on issue, the effect would be to dilute the shareholding of existing shareholders by 1.9%. The market price of the Company's shares during the period of the Options will normally determine whether or not option holders exercise the options. At the time any options are exercised and shares are issued pursuant to the exercise of the options, the Company's ordinary shares may be trading at a price which is higher than the exercise price of the options.

The Directors' base salaries per annum and the total financial benefit to be received by them in this current period as a result of the grant of Options the subject of Resolutions 3 and 4 are as follows:

Director	Base salary p.a. (\$)	Superannuation p.a. (\$)	Value of Options (\$)	Total Financial Benefit (\$)
Martin Kavanagh	36,000	3,240	598,200	636,440
Gillian Swaby	36,000	3,240	598,200	636,440

## Valuation of Options

The Company's advisers have valued the Options to be granted to the Directors using the Cox, Ross and Rubinstein Binomial Tree Pricing Model ("Model"). The acceptance of this model is due to its derivation being grounded in economic

theory. The value of an option calculated by the Model is a function of a number of variables. Their assessment of the value of the Options has been prepared using the following assumptions:

Variable	Input (exercise price \$0.25)	Input (exercise price \$0.35)		
Share price	17.5cents	17.5cents		
Exercise price	\$0.25	\$0.35		
Risk Free Interest Rate	5.285%	5.285%		
Volatility	127.93%	127.93%		
Time (years) to expiry	3 years	3 years		

For the purposes of this valuation the Company's advisers have assumed 28 December 2005 as the issue date of the Options, being 28 days subsequent to the approval of the option issue. For the share price, the advisers have assumed 17.5 cents, as this represents the recent highest price for Deep Yellow's shares at the time of preparation of this valuation. The advisers have also assumed a volatility level of 127.93% given the industry in which the Company operates, its financial position and the volatility of listed shares of other companies comparable to Deep Yellow. Based on the assumptions and advice from the Company's advisers, it is considered that the estimated value of Options to be issued to the Directors is 12.3 cents (at an exercise price of \$0.25) and 11.46 cents (at an exercise price of \$0.35) per Option.

## Listing Rule 7.1

Listing Rule 7.1 broadly provides, subject to certain exceptions, that shareholder approval is required for any issue of securities where the securities proposed to be issued represent more than 15% of the Company's shares then on issue. Listing Rule 7.1.4 provides that for the purposes of Listing Rule 7.1, options are treated as if they were the shares into which they will, upon exercise, convert. However, the options to be issued do not represent more than 15% of the Company's shares then on issue. Listing Rule 7.1 approval is sought so that the 15% threshold is maintained and available for use by the Company in the future should the circumstances require it.

## Listing Rule 10.14

Listing Rule 10.14 broadly requires shareholders' approval by ordinary resolution to any issue by a listed company of securities to a related party.

## Additional Information

For the purposes of Listing Rules 7.3 and 10.15, the following information is provided to shareholders:

- a) the Options will be offered, and if accepted, granted to each of the Directors, as noted above;
- b) the maximum number of Options to be issued is 10,000,000;
- c) the Options will be offered and, if accepted, granted on a date which will be no later than one month after the date of this Annual General Meeting;
- d) the Options will be granted for no consideration;
- e) no funds will be raised by the grant of the options;
- f) the terms and conditions of the options are set out in Annexure A to this Explanatory Memorandum; and

The Directors do not consider that from an economic and commercial point of view, there are any costs or detriments including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Options pursuant to Resolutions 3 and 4.

Neither the Directors nor the Company are aware of any other information that would be reasonably required by shareholders to make a decision in relation to the financial benefits contemplated by the proposed resolution.

## Resolution 5: Remuneration Report

The Board is voluntarily submitting its Remuneration Report to shareholders for consideration and adoption by way of a non-binding resolution.

The Remuneration Report forms part of the Directors' Report, included in the 2005 Annual Report, which Remuneration Report is incorporated by reference herein. The Report:

- Explains the Boards policy for determining the nature and amount of remuneration of executive directors and senior executives of the Company;
- Explains the relationship between the Board's remuneration policy and the Company's performance;
- Sets out remuneration details for each Director and the most highly remunerated senior executives of the Company; and
- Details and explains any performance conditions applicable to the remuneration of executive directors and senior executives of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

## **GLOSSARY**

"ASIC" means the Australian Securities and Investments Commission;

"ASX" means the Australian Stock Exchange Limited;

"Company" or "Deep Yellow" means Deep Yellow Limited ACN 006 391 948;

"Corporations Act" means Corporations Act 2001 (Cth);

"Director" means a director of the Company;

"Listing Rules" means the Listing Rules of ASX;

"Notice" means the Notice of Meeting accompanying this Explanatory Memorandum;

"**Options**" means options to acquire Shares on the terms and conditions set out in Annexure A to this Explanatory Memorandum; and

"Shares" means fully paid ordinary shares in the Company.

## ANNEXURE A

## TERMS AND CONDITIONS OF OPTIONS TO BE ISSUED

- 1.1 No monies will be payable for the issue of the Options.
- 1.2 No certificate will be issued for the Options.
- 1.3 The Options shall expire on 31 December 2008.
- 1.4 Each Option shall carry the right in favour of an Eligible Person to subscribe for one Share.
- 1.5 Options may be exercised in whole or in part. An exercise of only some Options shall not affect the rights of the Option Holder to the balance of the Options held by him.
- 1.6 The issue price of Shares the subject of the Options shall be payable in full on exercise of the Options in respect of each allottee, 3,000,000 at \$0.25 per Share and 2,000,000 at \$0.35 per Share.
- 1.7 Options shall be exercisable by the delivery to the registered office of the Company of a notice in writing stating the intention of the Option Holder to exercise all or a specified number of Options held by him accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares.
- 1.8 The Company shall allot the resultant Shares and deliver the share certificates within five (5) business days of the exercise of the Option.
- 1.9 Options shall not be listed for Official Quotation on ASX.
- 1.10 An Option Holder may not, except with the approval of the Board of Directors (in its sole and absolute discretion), sell, transfer, assign, give or otherwise dispose of, in equity or in law, the benefit of the Options. The approval of the Board of Directors may be given subject to satisfaction of certain conditions in which event such approval will be deemed not to occur until any such conditions have been satisfied. In particular the Board of Directors may require the proposed new holder of Options to enter into a covenant with the Company pursuant to which the proposed new holder acknowledges and agrees to be bound by the termination provisions contained in this Plan. Nothing in this clause enables the Board of Directors to refuse to register a proper transfer of Options.
- 1.11 Shares allotted pursuant to an exercise of Options shall rank, from the date of allotment, equally with existing Shares of the Company in all respects.
- 1.12 The Company shall, in accordance with Listing Rule 2.8, make application to have Shares allotted pursuant to an exercise of Options listed for Official Quotation.
- 1.13 If the Options are exercised before the record date of an entitlement, the Option Holder can participate in a pro rata issue to the holders of the underlying securities in the Company. The Company must notify the Option Holder of the proposed issue at least nine (9) business days before the record date. Option Holders do not have a right to participate in new issues without exercising their options in accordance with Listing Rule 6.19.

- 1.14 In the event of any reorganisation of capital of the Company, all rights of the Option Holder will be changed to the extent necessary to comply with the listing rules applying to a re-organisation of capital at the time of the re-organisation in accordance with the Listing Rules.
- 1.15 The Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Options.
- 1.16 In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Options may be reduced according to the following formula:

$$O' = O - E[P - (S + D)]$$

N+1

- O' = the new exercise price of the Option.
- O = the old exercise price of the Option.
- E = the number of underlying securities in the Company into which one option is exercisable.
- P = the average market price per security (weighted by reference to volume) of the underlying securities in the Company during the five (5) trading days ending on the day before the ex rights date or ex entitlements date.
- S = the Subscription price for a security under the pro rata issue.
- D = the Dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue).
- N = the Number of securities with rights or entitlements that must be held to receive a right to one new security in the Company.
- 1.17 The number of Shares to be issued pursuant to the exercise of Options will be adjusted for bonus issues made prior to exercise of Options. The effect will be that upon exercise of the Options the number of Shares received by the Option Holder will include the number of bonus Shares that would have been issued if the Options had been exercised prior to the record date for bonus issues. The exercise price of the Options shall not change as result of any such bonus issue.
- 1.18 The Company shall notify each Option Holder and ASX within one (1) month after the record date for a pro-rata bonus or cash issue of the adjustment to the number of Shares over which the Option exists and/or the adjustment to the exercise price.



All correspondence to: Deep Yellow Limited Level 1 329 Hay Street Subiaco WA 6008

Tel: + 61 8 9286 6999 969

Mark this box with	an 'X' if you have made a	ny changes to your address det	ails (see reverse)		Fax	+ 61 8 9286 6969	
Name: (PLEASE PRIN	τ)						
Address:							
	NT OF PROXY						
	·	nited and entitled to attend :	and vote hereby appo		16		
the Chairm Of the Mee					Write here the name of the person you are appointing if this person is someone other		
(mark with		·				of the Meeting	
and to vote in accorda	nce with the following dis ald at The Celtic Club, 48	med, the Chairman of the Meet ections (or if no directions have Ord Street, West Perth, Weste	been given, as the pro-	oxy sees fit) a	t the General I	Meeting of Deep	
Voting direction	ns to your proxy	- please mark	to indicate	your dire	ctions		
Ordinary Busines	SS			For	Abstain	*Against	
Resolution 1	Re-election of Dire	ctor – Martin Kavanagh					
Resolution 2	Re-election of Dire	ctor – Gillian Swaby					
Resolution 3	Grant of Options to	Martin Kavanagh					
Resolution 4	Grant of Options to	rant of Options to Gillian Swaby					
Resolution 5	Approval of Remu	neration Report					
		ticular item, you are directing y computing the required majority		n your behalf o	on a show of he	ands or on a poll	
By marking this box, if he has an interest	you acknowledge tha in the outcome of the	to vote, please place a mar t the Chairman may exercis above resolutions and votes acause of that interest.	e your proxy even				
PLEASE SIGN I	HERE This section	must be signed in accordance	e with the instruction	s overleaf to	enable your o	tirections to be	
Individual or Sec	urityholder 1	Securityholder 2		Security	older 3		
Sole Director and		Director		Director/6	Company S	ecretary	
Sole Company S	ecretary						
				1	1		

Date

Contact Daytime Telephone

Contact Name

## HOW TO COMPLETE THE PROXY FORM

## 1 Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please mark the box and make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. Please note, you cannot change ownership of your securities using this form.

## 2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company. The Chairman intends to vote in favour of resolutions for which no voting indication has been given.

#### 3 Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

## 4 Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

## 5 Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with

the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary,

this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing

in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company's share registry.

## 6. Lodgement of a Proxy and Deadline for Receipt of Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below not later than 27th November 2005 at 10.00am. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged by post, delivery or facsimile to the Registered Office of Deep Yellow Limited being

329 Hay Street, Subiaco, Western Australia, 6008 or by facsimile to fax number +61 8 9286 6969