

Deep Yellow Limited

(ACN 006 391 948)

HALF YEAR REPORT - 31 DECEMBER 2011

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Corporate Directory

Board of Directors

| | |
|--------------------|--------------------------|
| Mr Mervyn Greene | Chairman (Non-executive) |
| Mr Greg Cochran | Managing Director |
| Mr Martin Kavanagh | Executive Director |
| Ms Gillian Swaby | Non-executive Director |
| Mr Rudolf Brunovs | Non-executive Director |

Registered Office

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

Company Secretary

Mr Mark Pitts

Postal Address

PO Box 1770
Subiaco Western Australia 6904

Stock Exchange Listings

Australian Securities Exchange (ASX)
Namibian Stock Exchange (NSX)

Auditor

Ernst & Young
11 Mounts Bay Road
Perth Western Australia 6000

Website Address

www.deeptyellow.com.au

Share Registry

Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building
45 St George's Terrace
Perth Western Australia 6000
Telephone: 1300 557 010
Facsimile: +61 8 9323 2033

ASX and NSX Code

DYL

Australian Business Number

97 006 391 948

Directors' Report

The Directors of Deep Yellow Limited submit their report for the half-year ended 31 December 2011.

Directors

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

| | |
|-----------------|--------------------------|
| Mervyn Greene | Chairman (Non-Executive) |
| Greg Cochran | Managing Director |
| Martin Kavanagh | Executive Director |
| Gillian Swaby | Non-Executive Director |
| Rudolf Brunovs | Non-Executive Director |

Review of Operations

During the reporting period, activity in Namibia was focussed mainly on:

- drilling and upgrading the Omahola Project Resource Base at the Ongolo and MS7 deposits;
- further testwork and resource remodelling of the Tubas Red Sand ('TRS') deposit;
- resource work and the commencement of a Scoping Study for the Shiyela Iron project;
- lodging Environmental Impact Assessments for the TRS and INCA areas and the Shiyela project; and
- lodging Mining Licence Applications for the TRS and INCA areas and the Shiyela project.

In Australia review work was conducted on the various properties in the Mount Isa District and in the Northern Territory, focussed on committing minimal resources to ensure retention but preserve cash for Namibia.

NAMIBIA

Omahola Project

Exploration

- A maiden JORC Inferred Mineral Resource estimate for the MS7 Alaskite deposit was completed by Coffey Mining Pty Ltd (Perth), at 2.7 Mt at 400 ppm U₃O₈ for 2.3 Mlbs U₃O₈ at a 300 ppm cut-off.
- The Omahola Project Resource base increased as a result to 26.8 Mlbs U₃O₈ at an average grade of 317 ppm U₃O₈.
- High grade intercepts from RC drilling at the Ongolo Alaskite Deposit and MS7 were confirmed by XRF Fusion chemical assays, enhancing confidence in the potential of both areas.
- There was further success at the INCA FS Prospect from RC drilling with a shallow high grade intercept of 22 metres at 1,195 ppm U₃O₈ from 32 metres in hole INCR454.
- The Ongolo Alaskite Deposit JORC Compliant Resource was tripled to 20.5 Mt at 400 ppm U₃O₈ for 18 Mlbs U₃O₈ at a 250 ppm cut-off, with approximately 73% of the resource (13.2 Mlbs) in the Indicated category.
- The MS7 Alaskite deposit JORC Compliant Resource was more than doubled to 5.4 Mt at 470 ppm U₃O₈ for 5.6 Mlbs U₃O₈ at a 250 ppm cut-off, with almost 60% in the Indicated category.
- MS7 encountered some of the highest U₃O₈ grade intersects ever in our alaskite exploration programme; ALAR886 was 33 metres at 2,207 from 39 metres and 69 metres at 1,229 ppm from 92 metres.
- The TRS deposit was removed from the Omahola Project resource base and only the hard rock deposits of Ongolo, MS7 and INCA are now included. This resulted in a new Project resource base with enhanced grade, totaling 40.7 Mt at an average grade of 413 ppm U₃O₈ for 37 Mlbs U₃O₈.

Tubas Red Sand (TRS) Testwork

- Another breakthrough in testwork for TRS beneficiation showed an increased upgrade factor and reduced plant power consumption.

- The breakthrough will enable the treatment of lower grade ore, thus increasing the size of the available resource that could be economically benefited by the Schauenburg process.
- The deposit is being re-assessed together with additional sand intersections from the Tubas Palaeochannel resource to increase the size of the existing 4.9 Mlb JORC compliant resource.
- Importantly, the TRS deposit was removed from the Omahola Project Resource base to reflect current strategy – a focus on making the TRS a standalone Project and focussing on only high grade hard rock mineralisation for Omahola.
- The Standalone Strategy involves the supply of uranium loaded resin to either Rossing Uranium mine or the Langer Heinrich Uranium mine. Initial discussions have commenced with both.

Shiyela Iron Project

During the half-year DYL received outstanding interim results from metallurgical testwork conducted on the Shiyela Iron Project. ProMet Engineers Pty Ltd (ProMet) provided the results from its Phase 2 metallurgical testwork programme for the Project, which showed that a coarse grained (-150 micron) high quality Blast Furnace grade concentrate could be produced. The 69% Fe magnetite concentrate, with around 4.5% silica and very low deleterious elements, should attract a premium price.

A maiden JORC Compliant Inferred Mineral Resource estimate was completed for the Shiyela Iron Project by Golder Associates Pty Ltd (Perth) totalling 78.7 Mt at 18.88% Fe at a Davis Tube Recovery ('DTR') of 16.17%.

At the completion of the resource estimate, ProMet commenced a Scoping Study towards the end of 2011 based on an initial production of 2 Mtpa magnetite concentrate and completed it during January 2012.

Environmental Impact Assessment (EIA) Submissions

Deep Yellow's Namibian operating entity, Reptile Uranium Namibia Ltd (RUN) submitted EIA's for the TRS Project and for the INCA deposit to the Ministry of Environment and Tourism (MET). The EIA's include draft Environmental Management Plans and are a precursor to the lodging of Mining Licence Applications. TRS and INCA are key components of the TRS Standalone strategy.

RUN also submitted an EIA for its Shiyela Iron Project to the MET.

Mining Licence Applications (MLA's)

RUN submitted MLA's, for the INCA and Tubas Red Sand deposit (TRS) areas to the Namibian Ministry of Mines and Energy. (MME) The applications support DYL's strategy to accelerate the development of a standalone project at the TRS deposit to supply loaded resin to one of the two existing Namibian uranium producers.

The applications were made on behalf of two of RUN's 95% owned subsidiaries and RUN's empowerment partner, Oponona Investments (Pty) Ltd (5%).

RUN also submitted an MLA to the MME for its Shiyela Iron Project. The MLA was made on behalf of a 95% DYL owned subsidiary, Shiyela Iron (Pty) Ltd and its empowerment partner, Oponona Investments (Pty) Ltd (5%).

AUSTRALIA

Deep diamond drilling successfully intersected uranium mineralisation at approximately 400 metres vertical depth beneath the Bambino and Thanksgiving Prospects at the Isa West Project. This showed the potential to increase JORC Code resources below the current resource base (~200 metres vertical depth). Deep intersections at the Queens Gift and Slance Prospects in the Isa North Project also highlighted potential to increase the existing JORC Code resources with additional drilling.

A number of new prospects identified from a low-level heliborne radiometric and magnetic survey were also scout drilled with varying success.

In the Northern Territory, an Airborne Electromagnetic survey was flown over the western sector of the Napperby Project tenements. Interpretation of the survey data has identified a number of possible conductive zones which may represent target buried palaeochannels.

Results of operations

Exploration expenditure for the half-year was \$5,805,001 (December 2010: \$7,955,050).

Consolidated net loss from continuing operations after income tax for the half-year was \$1,925,463 (December 2010: \$716,963). Included in the total expenses of \$2,299,122 (December 2010: \$2,413,060) for the period is exploration costs written off to the amount of \$78,267 (December 2010: \$559,071).

Issued share capital has increased by \$358,887 during the period. The increase is due to the issue of ordinary fully paid shares on the vesting of performance share rights.

Auditor's Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 8 and forms part of this Directors' Report for the half-year ended 31 December 2011.

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



Greg Cochran
Managing Director
Dated this day 15 March 2012

Mineral Resources Summary

JORC Mineral Resource Estimates Summary – January 2012

| Deposit | Category | Cut-off (ppm U ₃ O ₈) | Tonnes (M) | U ₃ O ₈ (ppm) | U ₃ O ₈ (t) | U ₃ O ₈ (Mlb) |
|--|--------------------|---|--------------|--|--------------------------------------|--|
| Omahola Project | | | | | | |
| INCA ♦ | Indicated | 250 | 7.0 | 470 | 3,300 | 7.2 |
| INCA ♦ | Inferred | 250 | 5.4 | 520 | 2,800 | 6.2 |
| Ongolo # | Indicated | 250 | 14.7 | 410 | 6,027 | 13.2 |
| Ongolo # | Inferred | 250 | 5.8 | 380 | 2,204 | 4.8 |
| MS7 # | Indicated | 250 | 3.3 | 430 | 1,400 | 3.2 |
| MS7 # | Inferred | 250 | 2.0 | 540 | 1,100 | 2.4 |
| Omahola Project Total | | | 38.2 | 441 | 16,831 | 37.0 |
| Tubas Red Sand Project | | | | | | |
| Tubas Red Sand ♦ | Measured/Indicated | 100 | 3.2 | 168 | 532 | 1.2 |
| Tubas Red Sand ♦ | Inferred | 100 | 10.7 | 158 | 1,685 | 3.7 |
| Tubas Red Sand Project Total | | | 13.9 | 159 | 2,217 | 4.9 |
| Tubas-Tumas Palaeochannel Project | | | | | | |
| Tumas ♦ | Indicated | 200 | 14.4 | 366 | 5,270 | 11.6 |
| Tumas ♦ | Inferred | 200 | 0.4 | 360 | 144 | 0.3 |
| Tubas | Inferred | 100 | 77.3 | 228 | 17,612 | 38.9 |
| Tubas-Tumas Palaeochannel Project Total | | | 92.1 | 250 | 23,026 | 50.8 |
| Aussinanis Project | | | | | | |
| Aussinanis ♦ | Indicated | 150 | 5.6 | 222 | 1,243 | 2.7 |
| Aussinanis ♦ | Inferred | 150 | 29.0 | 240 | 6,960 | 15.3 |
| Aussinanis Project Total | | | 34.6 | 237 | 8,203 | 18.0 |
| Indicated | | | 48.2 | 358 | 17,772 | 39.1 |
| Inferred | | | 130.6 | 246 | 32,505 | 71.6 |
| RUN TOTAL - NAMIBIA | | | 178.8 | 281 | 50,277 | 110.7 |
| Napperby Project (NT, Australia) | | | | | | |
| Napperby | Inferred | 200 | 9.3 | 360 | 3,351 | 7.4 |
| Napperby Total | | | 9.3 | 360 | 3,351 | 7.4 |
| Mount Isa Project (Qld, Australia) | | | | | | |
| Mount Isa | Indicated | 300 | 2.2 | 470 | 1,050 | 2.3 |
| Mount Isa | Inferred | 300 | 2.5 | 450 | 1,120 | 2.5 |
| Mount Isa Total | | | 4.7 | 460 | 2,170 | 4.8 |
| Indicated | | | 2.2 | 470 | 1,050 | 2.3 |
| Inferred | | | 11.8 | 380 | 4,471 | 9.9 |
| TOTAL AUSTRALIA | | | 14.0 | 394 | 5,521 | 12.2 |
| DEEP YELLOW TOTALS | | | | | | |
| Total Indicated Resources | | | 50.4 | 373 | 18,822 | 41.4 |
| Total Inferred Resources | | | 142.4 | 260 | 36,976 | 81.5 |
| TOTAL RESOURCES | | | 192.8 | 289 | 55,798 | 122.9 |

Notes: Figures have been rounded and totals may reflect small rounding errors
XRF chemical analysis unless annotated otherwise
♦ eU₃O₈ - equivalent uranium grade as determined by downhole gamma logging
Combined XRF Fusion Chemical Assays and eU₃O₈ values

Mineral Resources Summary

JORC Mineral Resource Estimate Shiyela - December 2011

| Deposit | Category | Cut-off (DTR%) | Tonnes (M) | DTR (%) | Fe (%) |
|--------------------------------|----------|----------------|-------------|--------------|--------------|
| Reptile Uranium Namibia | | | | | |
| M62 - Fresh | Inferred | 10 | 40.2 | 17.12 | 17.02 |
| M62 - Oxide | Inferred | 10 | 3.5 | 15.46 | 18.13 |
| Total | | | 43.7 | 16.99 | 17.11 |
| M63 - Fresh | Inferred | 10 | 34.8 | 15.15 | 21.10 |
| M63 - Oxide | Inferred | 10 | 0.2 | 16.16 | 18.87 |
| Total | | | 35.0 | 15.16 | 21.09 |
| SHIYELA TOTAL | | | 78.7 | 16.17 | 18.88 |
| Total Fresh | | | 75.0 | 16.21 | 18.91 |
| Total Oxide | | | 3.7 | 15.5 | 18.17 |
| TOTAL SHIYELA RESOURCES | | | 78.7 | 16.17 | 18.88 |

Notes: Figures have been rounded and totals may reflect small rounding errors.
Resource Estimation using a 10% DTR Wt% cut-off.
Fe% - head assay of composited drill samples

COMPLIANCE STATEMENTS

Namibia

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr Leon Pretorius, a Fellow of the Australasian Institute of Mining and Metallurgy. Dr Pretorius, Managing Director of Reptile Uranium Namibia (Pty) Ltd 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 Pretorius consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to the **Ongolo, MS7 and INCA** Mineral Resources is based on work completed by Mr Neil Inwood and Mr Doug Corley. Mr Inwood is a Fellow of the Australasian Institute of Mining and Metallurgy and Mr Corley is a member of the Australian Institute of Geoscientists. Messrs Inwood and Corley have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Messrs Inwood and Corley consent to the inclusion in the report of the matters based on his information in the form and context in which it appears. Messrs Inwood and Corley are full-time employees of Coffey Mining.

The information in this report that relates to the **Aussinanis and Tumas** Mineral Resources is based on work completed by Mr Jonathon Abbott who is a full time employee of Hellman and Schofield Pty Ltd and a Member of the Australasian Institute of Mining and Metallurgy. Mr Abbott 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' and as a Qualified Person as defined in the AIM Rules. Mr Abbott consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to the **Tubas Red Sand** Mineral Resource is based on information compiled by Mr Mike Hall, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Hall is Consulting Geologist Resources with the MSA Group and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hall consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Information in this report has also been verified by Mr Mike Venter, who is a member of the South African Council for Natural and Scientific Professions (SACNASP), a 'Recognised Overseas Professional Organization' (ROPO). Mr Venter is Regional Consulting Geologist with The MSA Group and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Venter has visited the project sites to review drilling, sampling and other aspects of the work relevant to this announcement. Mr Venter consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to the **Tubas** Mineral Resource is based on information compiled by Mr Willem H. Kotzé Pr.Sci.Nat MSAIMM. Mr Kotzé is a Member and Professional Geoscientist Consultant of Geomine Consulting Namibia CC. Mr Kotzé 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'. Mr Kotzé consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.

Mineral Resources Summary

The information in this report that relates to the **Shiyela** Mineral Resource is based on information compiled by Mr Alan Miller who is a full-time employee of Golder Associates Pty Ltd and a Member and chartered Professional of the Australasian Institute of Mining and Metallurgy. Mr Miller has sufficient experience 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'. Mr Miller consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.

Queensland

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Martin Kavanagh, a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Kavanagh is an Executive Director of Deep Yellow Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Kavanagh consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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

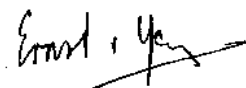
Northern Territory

The information in this report that relates to the **Napperby Project** Mineral Resource is based on information compiled by Mr Daniel Guibal who is a Fellow (CP) of the Australasian Institute of Mining and Metallurgy. Mr Guibal is a full time employee of SRK Consulting and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Guibal consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Where eU_3O_8 values are reported it relates to values attained from radiometrically logging boreholes with Auslog equipment using an A675 slimline gamma ray tool. All probes are calibrated either at the Pelindaba Calibration facility in South Africa or at the Adelaide Calibration facility in South Australia.

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

In relation to our review of the financial report of Deep Yellow Limited for the half-year ended 31 December 2011, 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.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'R A Kirkby'.

R A Kirkby
Partner
Perth

15 March 2012

Consolidated Statement of Comprehensive Income for the Half Year Ended 31 December 2011

| | Notes | Consolidated | |
|--|-------|------------------------|------------------------|
| | | 31 December 2011 \$ | 31 December 2010 \$ |
| Continuing operations | | | |
| Interest revenue | | 284,879 | 738,723 |
| Other income | 2 | 6,780 | 227,577 |
| Net fair value gain on held for trading financial assets | 2 | 82,000 | 270,000 |
| Revenue and other income | | 373,659 | 1,236,300 |
| Depreciation and amortisation expenses | 2 | (161,182) | (260,013) |
| Marketing expenses | | (116,874) | (155,785) |
| Occupancy expenses | | (123,081) | (119,737) |
| Administrative expenses | | (658,033) | (778,163) |
| Employee expenses | 2 | (1,161,685) | (540,291) |
| Exploration costs written off | 6 | (78,267) | (559,071) |
| Loss from continuing operations before income tax | | (1,925,463) | (1,176,760) |
| Income tax benefit | 2 | - | 459,797 |
| Loss for the period | | (1,925,463) | (716,963) |
| Other comprehensive income | | | |
| Foreign currency translation loss | | (4,591,122) | (928,524) |
| Net fair value gains on available-for-sale financial assets | | 47,200 | 362,133 |
| Total other comprehensive loss for the period | | (4,543,922) | (566,391) |
| Total comprehensive loss for the period | | (6,469,385) | (1,283,354) |
| | | Cents | Cents |
| Earnings per share: | | | |
| Basic, loss for the period attributable to ordinary equity holders of the parent | | (0.17) | (0.06) |
| Diluted, loss for the period attributable to ordinary equity holders of the parent | | (0.17) | (0.06) |

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position as at 31 December 2011

| | Notes | Consolidated | |
|--------------------------------------|-------|------------------------|--------------------|
| | | 31 December 2011 \$ | 30 June 2011 \$ |
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | 7 | 7,313,477 | 11,033,098 |
| Trade and other receivables | | 322,492 | 4,881,356 |
| Held for trading financial assets | 4 | 340,000 | 258,000 |
| Other financial assets | | 282,724 | 456,170 |
| Total Current Assets | | 8,258,693 | 16,628,624 |
| Non-Current Assets | | | |
| Available for sale financial assets | 5 | 319,867 | 272,667 |
| Property, plant and equipment | | 1,543,095 | 1,853,146 |
| Deferred exploration expenditure | 6 | 123,765,367 | 122,024,322 |
| Total Non-Current Assets | | 125,628,329 | 124,150,135 |
| Total Assets | | 133,887,022 | 140,778,759 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables | | 796,728 | 1,657,786 |
| Total Current Liabilities | | 796,728 | 1,657,786 |
| Total Liabilities | | 796,728 | 1,657,786 |
| Net Assets | | 133,090,294 | 139,120,973 |
| Equity | | | |
| Issued Capital | 8 | 195,948,041 | 195,589,154 |
| Accumulated losses | | (64,383,583) | (62,458,120) |
| Other capital reserves | | 9,952,280 | 9,872,461 |
| Asset re-valuation reserve | | 87,333 | 40,133 |
| Foreign currency translation reserve | | (8,513,777) | (3,922,655) |
| Total Equity | | 133,090,294 | 139,120,973 |

The accompanying notes form part of these financial statements

Consolidated Statement of Changes in Equity for the Half Year Ended 31 December 2011

| | Issued capital | Accumulated losses | Other capital reserves | Asset re-valuation reserve | Foreign currency translation reserve | Total Equity |
|---|--------------------|---------------------|------------------------|----------------------------|--------------------------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| At 1 July 2011 | 195,589,154 | (62,458,120) | 9,872,461 | 40,133 | (3,922,655) | 139,120,973 |
| Loss for the period | - | (1,925,463) | - | - | - | (1,925,463) |
| Other comprehensive income/(loss) | - | - | - | 47,200 | (4,591,122) | (4,543,922) |
| Total comprehensive (loss)/income for the period | - | (1,925,463) | - | 47,200 | (4,591,122) | (6,469,385) |
| Transactions with owners in their capacity as owners: | | | | | | |
| Vesting of performance rights | 358,887 | - | (358,887) | - | - | - |
| Share based payments/(forfeitures) | - | - | 438,706 | - | - | 438,706 |
| At 31 December 2011 | 195,948,041 | (64,383,583) | 9,952,280 | 87,333 | (8,513,777) | 133,090,294 |

| | Issued capital | Accumulated losses | Other capital reserves | Asset re-valuation reserve | Foreign currency translation reserve | Total Equity |
|---|--------------------|---------------------|------------------------|----------------------------|--------------------------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| At 1 July 2010 | 194,801,070 | (58,895,066) | 9,954,625 | - | 302,998 | 146,163,627 |
| Loss for the period | - | (716,963) | - | - | - | (716,963) |
| Other comprehensive income/(loss) | - | - | - | 362,133 | (928,524) | (566,391) |
| Total comprehensive (loss)/income for the period | - | (716,963) | - | 362,133 | (928,524) | (1,283,354) |
| Transactions with owners in their capacity as owners: | | | | | | |
| Exercise of options | 349,134 | - | (151,134) | - | - | 198,000 |
| Share based payments/(forfeitures) | - | - | (239,002) | - | - | (239,002) |
| At 31 December 2010 | 195,150,204 | (59,612,029) | 9,564,489 | 362,133 | (625,526) | 144,839,271 |

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows for the Half Year Ended 31 December 2011

| | Notes | Consolidated | |
|---|-------|--------------------|--------------------|
| | | 31 December 2011 | 31 December 2010 |
| | | \$ | \$ |
| Cash flows from operating activities | | | |
| Payments to suppliers and employees | | (1,874,380) | (2,036,492) |
| Interest received | | 393,780 | 1,141,536 |
| Tax refund | | 2,125,378 | 228,942 |
| Other receipts | | - | 5,725 |
| Net cash flows from/(used in) operating activities | | 644,778 | (660,289) |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment | | (11,867) | (96,474) |
| Proceeds on disposal of property, plant and equipment | | 12,020 | - |
| Payments for exploration expenditure | | (6,672,670) | (8,902,611) |
| Proceeds from sale of investment | | - | 322,500 |
| Proceeds on disposal of security deposits | | 205,285 | - |
| Payments of security deposits | | - | (7,250) |
| Net cash flows used in investing activities | | (6,467,232) | (8,683,835) |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares | | - | 198,000 |
| Net cash flows from financing activities | | - | 198,000 |
| Net decrease in cash held | | (5,822,454) | (9,146,124) |
| Net foreign exchange difference | | 102,833 | (79,571) |
| Cash and cash equivalents at the beginning of the period | | 13,053,098 | 29,575,628 |
| Cash and cash equivalents at the end of the period | 7 | 7,333,477 | 20,349,933 |

The accompanying notes form part of these financial statements

Note 1 Summary of significant accounting policies

Basis of preparation

This general purpose condensed consolidated financial report for the half-year ended 31 December 2011 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report includes Deep Yellow Limited and its subsidiaries (the Group). The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2011 and considered together with any public announcements made by Deep Yellow Limited during the half-year ended 31 December 2011 in accordance with the continuous disclosure obligations of the ASX listing rules.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

Going concern

The consolidated financial statements have been prepared on a going concern basis which contemplates that the Group will continue to meet its commitments and can therefore continue normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

However, the ability of the Group to meet its short term obligations and execute its currently planned exploration and project evaluation activities and continue as a going concern is dependent upon obtaining additional capital. Accordingly, the Group has engaged advisors with the objective of raising capital in the short term.

At the date of this financial report the Directors are satisfied that there are reasonable grounds to believe that, having regard to the Group's position and the funding plan, the Group will be able to raise the additional capital required to enable it to continue to operate and meet its obligations as and when they fall due.

Should the Group not achieve the capital raising in the time frame set out above, there is uncertainty whether the Group would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include adjustments relating to the recoverability or classification of the recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as going concern.

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

The accounting policies adopted in the preparation of the interim consolidated financial report are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2011, except for the adoption of new standards and interpretations as of 1 July 2011, noted below:

| | |
|--------------|--|
| AASB 124 | Related Party Transactions (Amendment) |
| AASB 2009-12 | Amendments to Australian Accounting Standards |
| AASB 2010-4 | Amendments to Australian Accounting Standards arising from the Annual Improvements Project |
| AASB 2010-5 | Amendments to Australian Accounting Standards |

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

Notes to the Financial Statements for the Half Year Ended 31 December 2011

Note 2 Income and expenses

| | Consolidated | |
|--|------------------|------------------|
| | 31 December 2011 | 31 December 2010 |
| | \$ | \$ |
| Loss from continuing operations after income tax includes: | | |
| Other income | | |
| Gain on sale of available for sale investment | - | 221,852 |
| Gain on sale of fixed assets | 6,780 | - |
| Distribution under Deed of Company Arrangement | - | 5,725 |
| | 6,780 | 227,577 |
| Fair value movements | | |
| Fair value gain in held for trading financial assets (note 4) | 82,000 | 270,000 |
| | 82,000 | 270,000 |
| Depreciation expense | | |
| Office equipment | 23,664 | 36,252 |
| Motor vehicles | 49,481 | 93,852 |
| Site equipment | 74,072 | 100,965 |
| Buildings | 13,965 | 28,944 |
| | 161,182 | 260,013 |
| Employee expenses | | |
| Wages, salaries and fees | 675,245 | 733,603 |
| Superannuation | 46,507 | 41,258 |
| Share based payments/(forfeitures) | 439,933 | (234,570) |
| | 1,161,685 | 540,291 |
| Tax benefit | | |
| Numerical reconciliation between aggregate tax expense recognised in the statement of comprehensive income and tax expense calculated per the statutory income tax rate | | |
| Loss from continuing operations before income tax | (1,925,463) | (1,176,761) |
| Prima facie tax on result at 30% (2010: 30%) | (577,639) | (353,028) |
| Share based payment expense/(forfeiture) | 131,612 | (1,365) |
| Net fair value gain on held for trading financial assets | (24,600) | (81,000) |
| Gain on sale of fixed assets not taxable | (2,034) | (51,600) |
| Under/(Over) provision in prior year | 5,835 | (4,003) |
| Carry forward tax losses not brought to account | 440,083 | - |
| Other | 26,743 | 31,199 |
| Tax benefit for the reporting period | - | (459,797) |

Note 3 Operating segment information

The following tables present revenue and profit information regarding the Group's operating segments for the six months ended 31 December 2011 and 2010, respectively.

The following items and associated assets are not allocated to operating segments as they are managed on a group basis:

- Interest income
- Foreign currency gains and losses
- Cash
- Receivables
- Available for sale assets
- Held for trading assets

| | Australia \$ | Namibia \$ | Total \$ |
|--|-----------------|---------------|-------------|
| Year Ended 31 December 2011 | | | |
| Revenue and other income | | | |
| Other income | 6,780 | - | 6,780 |
| Unallocated | | | |
| Interest income | | | 284,879 |
| Total revenue and other income | | | 291,659 |
| Results | | | |
| Pre-tax segment profit and loss | (1,808,956) | (483,386) | (2,292,342) |
| Unallocated | | | |
| Interest income | | | 284,879 |
| Fair value gain on held for trading assets | | | 82,000 |
| Group loss before income tax | | | (1,925,463) |
| Year Ended 31 December 2011 | | | |
| Segment Assets | | | |
| Segment operating assets | 43,121,207 | 82,449,979 | 125,571,186 |
| Unallocated assets | | | |
| Cash | | | 7,333,477 |
| Receivables | | | 322,492 |
| Held for trading financial assets | | | 340,000 |
| Available for sale financial assets | | | 319,867 |
| Group operating assets | | | 133,887,022 |

Notes to the Financial Statements for the Half Year Ended 31 December 2011

Note 3 Operating segment information (Cont'd)

| | Australia \$ | Namibia \$ | Total \$ |
|--|-----------------|---------------|--------------------|
| Year Ended 31 December 2010 | | | |
| Revenue and other income | | | |
| Other income | 227,577 | - | 227,577 |
| Unallocated | | | |
| Interest income | | | 738,723 |
| Total revenue and other income | | | <u>966,300</u> |
| Results | | | |
| Pre-tax segment profit and loss | (2,097,972) | (87,511) | (2,185,483) |
| Unallocated | | | |
| Interest income | | | 738,723 |
| Fair value gain on held for trading assets | | | 270,000 |
| Group loss before income tax | | | <u>(1,176,760)</u> |
| Year Ended 31 December 2010 | | | |
| Segment Assets | | | |
| Segment operating assets | 43,867,453 | 78,766,482 | 122,633,935 |
| Unallocated assets | | | |
| Cash | | | 20,349,933 |
| Receivables | | | 2,519,345 |
| Held for trading financial assets | | | 298,000 |
| Available for sale financial assets | | | 594,666 |
| Group operating assets | | | <u>146,395,879</u> |

Note 4 Held for trading financial assets

A reconciliation of movements in held for trading financial assets is as follows:

| | 31 December 2011 \$ | Consolidated 30 June 2011 \$ | 31 December 2010 \$ |
|--|------------------------|------------------------------------|------------------------|
| <i>Rum Jungle Uranium Limited Options</i> | | | |
| Value of investment at the start of the reporting period | 258,000 | 298,000 | 28,000 |
| Unrealised fair value gain/(loss) recognised during the reporting period | 82,000 | (40,000) | 270,000 |
| Value of investment at the end of the reporting period | <u>340,000</u> | <u>258,000</u> | <u>298,000</u> |

Notes to the Financial Statements for the Half Year Ended 31 December 2011

Note 5 Available-for-sale financial assets

Available for sale investments consist of investments in ordinary shares quoted on the ASX and the fair value has been determined by reference to published price quotations.

Note 6 Deferred exploration expenditure

| | Consolidated | | |
|--|------------------------|--------------------|------------------------|
| | 31 December 2011 \$ | 30 June 2011 \$ | 31 December 2010 \$ |
| Cost brought forward at the start of the reporting period | 122,024,322 | 117,499,198 | 113,290,676 |
| Exploration expenditure incurred during the period at cost | 5,805,001 | 10,830,291 | 7,955,050 |
| Exchange adjustment | (3,985,689) | (7,126,012) | (765,737) |
| Transfer (to)/from non-current assets held for sale | - | 2,421,720 | (2,421,720) |
| Exploration expenditure written off | (78,267) | (1,600,875) | (559,071) |
| Cost carried forward at the end of the reporting period | <u>123,765,367</u> | <u>122,024,322</u> | <u>117,499,198</u> |

Exploration expenditure written off was as a result of tenements which were surrendered or applications withdrawn. The amount written off represents the total accumulated costs to date of surrender or withdrawal.

Note 7 Current assets – cash and cash equivalents

| | Consolidated | | |
|--------------------------|------------------------|--------------------|------------------------|
| | 31 December 2011 \$ | 30 June 2011 \$ | 31 December 2010 \$ |
| Cash at bank and in hand | 4,313,477 | 4,033,098 | 4,849,933 |
| Deposits | 3,000,000 | 7,000,000 | 12,000,000 |
| | <u>7,313,477</u> | <u>11,033,098</u> | <u>16,849,933</u> |

(i) Reconciliation to Statement of Cash Flows

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise the following:

| | Consolidated | | |
|---|------------------------|--------------------|------------------------|
| | 31 December 2011 \$ | 30 June 2011 \$ | 31 December 2010 \$ |
| Cash and cash equivalents as above | 7,313,477 | 11,033,098 | 16,849,933 |
| Other short term bank deposits | 20,000 | 2,020,000 | 3,500,000 |
| Cash carried forward at the end of the reporting period | <u>7,333,477</u> | <u>13,053,098</u> | <u>20,349,933</u> |

Notes to the Financial Statements for the Half Year Ended 31 December 2011

Note 8 Contributed equity

| | Consolidated | |
|--|------------------|---------------|
| | 31 December 2011 | 30 June 2011 |
| | \$ | \$ |
| <i>(a) Share capital</i> | | |
| Issued and fully paid | 195,948,041 | 195,589,154 |
| <i>(b) Share movements during the year</i> | | |
| | \$ | No. |
| At 1 July 2011 | 195,589,154 | 1,127,534,458 |
| Vested performance rights | 358,887 | 1,201,945 |
| At 31 December 2011 | 195,948,041 | 1,128,736,403 |
| <i>(c) Options - Movement during the period</i> | | |
| | No. | |
| On issue at 1 July 2011 | 8,240,000 | |
| Expired during period | (1,300,000) | |
| On issue at 31 December 2011 | 6,940,000 | |
| <i>(d) Share rights - Movement during the period</i> | | |
| | No. | |
| On issue at 1 July 2011 | 4,515,260 | |
| Granted during the period | 3,664,400 | |
| Vested during period | (1,201,945) | |
| Forfeited during period | (137,245) | |
| On issue at 31 December 2011 | 6,840,470 | |

Note 9 Share based payment

Between July and December 2011, a total of 3,664,400 share rights were granted to employees under the Deep Yellow Limited Awards Plan (Awards Plan). Share rights were granted under the Awards Plan for no consideration. The rights vest if certain time and market price measures are met in the measurement period. If these time and market price measures are not met, the rights lapse. The fair value of the rights granted is estimated at the date of grant using a hybrid employee share option pricing model that simulates the share price of Deep Yellow Ltd as at the test date using a Monte-Carlo model. The contractual life of each granted right is seven years and there is no cash settlement for the rights. The fair value of rights granted during the six months ended 31 December 2011 was estimated on the date of grant using the following assumptions:

| | Grant date | |
|-------------------------------------|-------------|-----------------|
| | 7 July 2011 | 9 December 2011 |
| Dividend yield (%) | - | - |
| Expected volatility (%) | 85.00 | 85.00 |
| Risk-free interest rate (%) | 4.69 | 3.06 |
| Expected life (years) | 7.00 | 7.00 |
| Underlying Security spot price (\$) | 0.175 | 0.155 |

For the six months ended 31 December 2011, the Group has recognised \$439,933 of share-based payments in the income statement (31 December 2010: forfeitures of \$234,570).

Note 10 Contingent liabilities and contingent assets

(i) Contingent liabilities

There were no material contingent liabilities as at 31 December 2011.

(ii) Contingent asset

There were no material contingent assets as at 31 December 2011.

Note 11 Events after balance sheet date

No event or circumstance has arisen since 31 December 2011 that would require disclosure in the financial report.

Directors' Declaration

In the opinion of the directors:

1. The financial statements and notes of the consolidated entity, as set out on pages 9 to 19, are in accordance with the *Corporations Act 2001*, including:
 - a. Giving a true and fair view of financial position as at 31 December 2011 and performance
 - b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*
2. Subject to the matters outlined in Note 1 "Going Concern", there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Board of Directors.



Greg Cochran
Managing Director
Dated this day 15 March 2012

Report on the Half-Year Condensed Financial Report

We have reviewed the accompanying half-year condensed financial report of Deep Yellow Limited (the company), which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Condensed Financial Report

The directors of the company are responsible for the preparation of the half-year condensed financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year condensed financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year condensed financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of Deep Yellow Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year condensed financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the half-year condensed financial report.

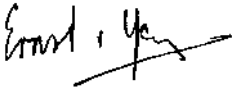
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year condensed financial report of Deep Yellow Limited is not in accordance with the Corporations Act 2001, including:

- a. giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter - Going Concern

Without qualification to the conclusion expressed above, we draw attention to the following matter. As a result of the matters described in Note 1, there is a material uncertainty whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.



Ernst & Young



R A Kirkby
Partner
Perth

15 March 2012