Deep Yellow Limited

(ACN 006 391 948)

HALF YEAR REPORT - 31 DECEMBER 2013

Contents

Board of Directors

Mr Tim Netscher	Chairman (Non-executive)
Mr Greg Cochran	Managing Director
Mr Rudolf Brunovs	Non-executive Director
Mr Mervyn Greene	Non-executive Director
Ms Gillian Swaby	Non-executive Director
Mr Christophe Urtel	Non-executive Director

Company Secretary

Mr Mark Pitts

Stock Exchange Listings

Australian Securities Exchange (ASX)

Namibian Stock Exchange (NSX)

Website Address

www.deepyellow.com.au

ASX and NSX Code

DYL

Australian Business Number

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Subiaco Western Australia 6904

Auditor

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Perth Western Australia 6000

Share Registry

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Perth Western Australia 6000

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The Directors of Deep Yellow Limited submit their report for the half year ended 31 December 2013.

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.

Tim Netscher	Chairman (Non-Executive, appointed as Chairman 1 September 2013)
Greg Cochran	Managing Director
Rudolf Brunovs	Non-Executive Director
Mervyn Greene	Non-Executive Director (Resigned as Chairman 31 August 2013)
Gillian Swaby	Non-Executive Director
Christophe Urtel	Non-Executive Director

Review of Operations

During the reporting period activity was focussed almost exclusively on the Company's assets in Namibia with some of the following highlights:

- The renewal of Exclusive Prospecting licences 3496, 3497, 3499, 3668, 3669 and 3670;
- The completion of a highly successful Predictive Modelling Exercise that resulted in the identification of fifteen alaskite-type targets with six assigned for high priority follow-up;
- Undertaking multiple pit optimisation exercises on the three deposits that comprise the Omahola project; and
- The commencement of a trade-off study to assess the various process options available for the possible early development of the Tubas Sand Project.

In Australia the Company restricted its exploration activities and continued to investigate the full divestment of its remaining assets.

NAMIBIA

Greenfield exploration

- Fifteen alaskite-type targets were identified in a Predictive Modelling Exercise using the most advanced techniques and incorporating various sources of geological data from across the whole Erongo region.
- Six targets were assigned a high priority for follow-up, based on a scoring system that took into account remanent magnetised units, proximity to marble and proximity to domes.
- This scoring system was successfully tested on known deposits such as the Rössing and Husab deposits as well as the Group's Ongolo, MS7 and INCA deposits.
- These known deposits (both on and beyond the Group's EPLs) scored highly, giving increased confidence in the predictive modelling results.
- Induced polarisation methods were used for the first time to test the suitability of this approach to identify alaskite targets in Namibia.

Omahola Project

- The Company conducted multiple pit optimisation exercises on the three deposits that comprise the Project.
- The objective of the exercise was to enable an informed decision on the Project's processing route as either an acid tank or acid heap leach operation.
- Subsequently, an assessment of the resource expansion potential of the MS7 deposit, which is open to depth, was also incorporated into the pit optimisation exercises.

Omahola Project Mineral Resource Estimate Summary (JORC 2004)

Deposit	Category	Cut-off (ppm U_3O_8)	Tonnes (M)	U_3O_8 (ppm)	U_3O_8 (t)	U_3O_8 (Mlb)
INCA ¨	Indicated	250	7.0	470	3,300	7.2
INCA ¨	Inferred	250	5.4	520	2,800	6.2
Ongolo #	Measured	250	7.7	395	3,040	6.7
Ongolo #	Indicated	250	9.5	372	3,540	7.8
Ongolo #	Inferred	250	12.4	387	4,810	10.6
MS7 #	Measured	250	4.4	441	1,955	4.3
MS7 #	Indicated	250	1.0	433	433	1.0
MS7 #	Inferred	250	1.3	449	584	1.3
Omahola Project Total			48.7	420	20,462	45.1

Notes: Figures have been rounded and totals may reflect small rounding errors
XRF chemical analysis unless annotated otherwise
eU_3O_8 - equivalent uranium grade as determined by downhole gamma logging
Combined XRF Fusion Chemical Assays and eU_3O_8 values

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.

Competent Person Statement

The information in this report that relates to Exploration Results for the Ongolo, MS7 and INCA deposits is based on information compiled by Dr Katrin Kärner who is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM CP(Geo)). Dr Katrin Kärner, who was the Exploration Manager for 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 she 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' (JORC Code 2004 Edition). Dr Katrin Kärner consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

The information in this Report that relates to the Ongolo and MS7 Mineral Resources is based on information compiled by Malcolm Titley of CSA Global UK Ltd. Malcolm Titley takes overall responsibility for the Report. He is a Member of the Australasian Institute of Geoscientists ('AIG') and the Australasian Institute of Mining and Metallurgy ('AusIMM') and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity 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' (JORC Code 2004 Edition). Malcolm Titley consents to the inclusion of such information in this Report in the form and context in which it appears.

The information in this report that relates to the INCA Mineral Resource Estimates (U_3O_8) is based on information compiled by Neil Inwood who is a Fellow of the AUSIMM. Mr Inwood was employed by Coffey Mining as a consultant to the Company at the time of the resource estimates and public release of results. As Mr Inwood is no longer employed by Coffey Mining, Coffey Mining has reviewed this report and consents to the inclusion, form and context of the relevant information herein as derived from the original resource reports for which Mr Inwood's consents have previously been given. Mr Inwood has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the JORC 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code 2004 Edition).

This information relating to Exploration Results and Mineral Resource Estimates was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Tubas Sand Project

- The Tubas sectional interpretation and wireframing which included the results of the 560 hole infill drill programme conducted early in 2013 was completed.
- An internal resource block model was created and grades estimated using Multiple Indicator Kriging (MIK).
- Ongoing evaluation and interpretation of a selected higher grade mineralisation envelope within the existing JORC resource area prompted the decision to progress a formal resource update.
- As a result of positive indicative results from a pit optimisation study on the higher grade zone it was decided to conduct a trade-off study to assess the various process options available for the potential early development of the project. The study commenced towards the end of the reporting period.

Tubas Sand Project Mineral Resource Estimate Summary (JORC 2004)

Deposit	Category	Cut-off (ppm U_3O_8)	Tonnes (M)	U_3O_8 (ppm)	U_3O_8 (t)	U_3O_8 (Mlb)
Tubas Sand	Inferred	70	87.0	148	12,876	28.4
Tubas Sand Project Total			87.0	148	12,876	28.4

Notes: Figures have been rounded and totals may reflect small rounding errors
XRF chemical analysis unless annotated otherwise

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.

Competent Person Statement

The information in this report that relates to Exploration Results for the Tubas Sand deposit is based on information compiled by Dr Katrin Kärner who is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM CP(Geo)). Dr Katrin Kärner, who was the Exploration Manager for 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 she 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' (JORC Code 2004 Edition). Dr Katrin Kärner consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

The information in this report that relates to the Tubas Sand Mineral Resources 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' (JORC Code 2004 Edition). Mr Kotzé consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

This information relating to Exploration Results and Mineral Resource Estimates was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Shiyela Iron Project

The competitive process to find a development partner continued throughout the period and was reaching a conclusion towards the end of the calendar year.

Renewal of Exclusive Prospecting Licences

The Ministry of Mines and Energy of the Republic of Namibia (MME) renewed EPLs 3496, 3497, 3499, 3668, 3669 and 3670 for a further two years. EPL 3496 hosts two of DYL's flagship projects - Omahola and Tubas Sand Projects. The combined area of EPLs 3496, 3497 and 3499 was voluntarily reduced by 29% and that of EPLs 3668, 3669 and 3670 by 24% in what was the third renewal for all of these licences.

Results of operations

Exploration expenditure for the half-year was $1,521,731 (December 2012: $3,566,392).

Consolidated loss from continuing operations after income tax for the half-year was $3,300,350 (December 2012: $7,806,228). Included in the total expenses of $3,348,919 (December 2012: $8,099,150) for the period is exploration costs written off to the amount of $2,158,681 (December 2012: $6,335,207).

Issued share capital increased by $1,171,666 during the period. The increase mostly relates to the completion of a Share Purchase Plan and the issue of shares to employees in relation to 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 6 and forms part of this Directors' Report for the half year ended 31 December 2013.

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

Greg Cochran
Managing Director
Dated this day 11 March 2014

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

In relation to our review of the financial report of Deep Yellow Limited and its controlled entities for the half-year ended 31 December 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

G H Meyerowitz
Partner
11 March 2014

	Notes	Consolidated 31 December 2013 $	Consolidated 31 December 2012 $
Interest revenue		48,457	98,569
Other income	2	527	194,353
Revenue and other income		48,984	292,922
Depreciation and amortisation expenses	2	(21,715)	(53,312)
Marketing expenses		(17,548)	(45,547)
Occupancy expenses		(100,678)	(95,688)
Administrative expenses		(654,954)	(797,283)
Employee expenses	2	(402,111)	(698,501)
Net fair value gain/(loss) on held for trading financial assets	2	-	(42,000)
Impairment on available for sale financial assets	2	(6,008)	-
Gain on derecognition of available-for-sale financial asset		12,776	-
Exploration costs written off	5	(2,158,681)	(6,335,207)
Operating loss		(3,299,935)	(7,774,616)
Finance costs		-	(31,612)
Loss before income tax		(3,299,935)	(7,806,228)
Income tax benefit/(expense)	2	(415)	-
Loss for the period		(3,300,350)	(7,806,228)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation loss		(418,692)	(1,676,297)
Net fair value gains on available-for-sale financial assets		1,600	222,300
Other comprehensive loss for the period		(417,092)	(1,453,997)
Total comprehensive loss for the period		(3,717,442)	(9,260,225)
		Cents	Cents
Earnings per share:			
Basic, loss for the period attributable to ordinary equity holders of the parent		(0.21)	(0.59)
Diluted, loss for the period attributable to ordinary equity holders of the parent		(0.21)	(0.59)

The accompanying notes form part of these financial statements

	Notes	Consolidated 31 December 2013 $	Consolidated 30 June 2013 $
Assets			
Current Assets			
Cash and cash equivalents	6	1,672,613	2,990,597
Trade and other receivables		1,103,473	1,170,259
Other financial assets		161,345	174,439
Total Current Assets		2,937,431	4,335,295
Non-Current Assets			
Available for sale financial assets	4	271,333	433,833
Property, plant and equipment		869,686	925,560
Deferred exploration expenditure	5	86,672,226	87,934,508
Total Non-Current Assets		87,813,245	89,293,901
Total Assets		90,750,676	93,629,196
Liabilities			
Current Liabilities			
Trade and other payables		305,885	547,153
Total Current Liabilities		305,885	547,153
Total Liabilities		305,885	547,153
Net Assets		90,444,791	93,082,043
Equity			
Issued capital	7	216,723,283	215,551,617
Accumulated losses		(123,014,462)	(119,714,112)
Employee equity benefits reserve		10,230,162	10,321,638
Asset fair value adjustment reserve		72,000	70,400
Foreign currency translation reserve		(13,566,192)	(13,147,500)
Total Equity		90,444,791	93,082,043

The accompanying notes form part of these financial statements

	Issued capital $	Accumulated losses $	Other reserves $	Employee equity benefits reserve $	Asset fair value adjustment reserve $	Foreign currency translation reserve $	Total Equity $
At 1 July 2013	215,551,617	(119,714,112)	-	10,321,638	70,400	(13,147,500)	93,082,043
Loss for the period	-	(3,300,350)	-	-	-	-	(3,300,350)
Other comprehensive income/(loss)	-	-	-	-	1,600	(418,692)	(417,092)
Total comprehensive (loss)/income for the period	-	(3,300,350)	-	-	1,600	(418,692)	(3,717,442)
Transactions with owners in their capacity as owners:							
Share issues	965,900	-	-	-	-	-	965,900
Share issue costs	(63,732)	-	-	-	-	-	(63,732)
Vesting of performance rights	269,498	-	-	(269,498)	-	-	-
Share based payments	-	-	-	178,022	-	-	178,022
At 31 December 2013	216,723,283	(123,014,462)	-	10,230,162	72,000	(13,566,192)	90,444,791

	Issued capital $	Accumulated losses $	Other reserves $	Employee equity benefits reserve $	Asset fair value adjustment reserve $	Foreign currency translation reserve $	Total Equity $
At 1 July 2012	195,948,041	(111,046,335)	7,307,333	10,362,807	16,000	(9,657,046)	92,930,800
Loss for the period	-	(7,806,228)	-	-	-	-	(7,806,228)
Other comprehensive income/(loss)	-	-	-	-	222,300	(1,676,297)	(1,453,997)
Total comprehensive (loss)/income for the period	-	(7,806,228)	-	-	222,300	(1,676,297)	(9,260,225)
Transactions with owners in their capacity as owners:							
Share issues	19,644,401	-	-	-	-	-	19,644,401
Share issue costs	(777,815)	-	-	-	-	-	(777,815)
Settlement of Raptor earn-out agreement	-	-	(7,307,333)	-	-	-	(7,307,333)
Vesting of performance rights	388,756	-	-	(388,756)	-	-	-
Share based payments	-	-	-	290,363	-	-	290,363
At 31 December 2012	215,203,383	(118,852,563)	-	10,264,414	238,300	(11,333,343)	95,520,191

The accompanying notes form part of these financial statements

		Consolidated	
	Notes	31 December 2013 $	31 December 2012 $
Cash flows from operating activities			
Payments to suppliers and employees		(1,138,214)	(1,403,552)
Interest received		58,098	90,448
Net cash flows used in operating activities		(1,080,116)	(1,313,104)
Cash flows from investing activities			
Payments for property, plant and equipment		(9,708)	(2,211)
Proceeds on disposal of property, plant and equipment		19,558	130,145
Payments for exploration expenditure		(1,536,133)	(3,614,637)
Proceeds from sale of investment		169,147	15,000
Proceeds on disposal of security deposits		2,501	13,000
Net cash flows used in investing activities		(1,354,635)	(3,458,703)
Cash flows from financing activities			
Proceeds from issue of shares		965,900	10,601,972
Capital Raising Costs		(59,732)	(777,815)
Net cash flows from financing activities		906,168	9,824,157
Net (decrease)/increase in cash held		(1,528,583)	5,052,350
Net foreign exchange difference		210,599	(90,578)
Cash and cash equivalents at the beginning of the period		3,990,597	2,211,948
Cash and cash equivalents at the end of the period	6	2,672,613	7,173,720

The accompanying notes form part of these financial statements

Note 1 Summary of significant accounting policies

Corporate information

The consolidated financial statements of Deep Yellow Limited and its subsidiaries (the Group) for the half year ended 31 December 2013 were authorised for issue in accordance with a resolution of the directors on 11 March 2014. Deep Yellow Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded. The principle activities of the Company and its subsidiaries (the Group) are:

- Uranium mineral exploration and pre-development activities in Namibia and Australia; and
- Activities associated with the intended divestment of its iron ore project in Namibia.

Basis of preparation

This general purpose condensed consolidated financial report for the half year ended 31 December 2013 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

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 2013 and considered together with any public announcements made by Deep Yellow Limited during the half year ended 31 December 2013 in accordance with the continuous disclosure obligations of the ASX listing rules.

Going concern

As at 31 December 2013, the Group had cash reserves of $2,672,613 and net current assets of $2,631,546. For the reporting period the Group had cash expenditure on exploration of $1,536,133 and on corporate overheads of $1,138,214.

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

The ability of the Group to execute its currently planned exploration and project evaluation activities requires the Group to raise additional capital within the next 12 months. Accordingly, the Group is in the process of investigating various options for the raising of additional funds. The Group has further implemented cost saving measures, including corporate and executive cost reductions. In addition to these reductions, further restructuring is being undertaken to maximise cash resources.

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 its available funding options, the Group will be able to raise the additional capital to enable it to continue to operate and meet its obligations as and when they fall due.

Should the Group not achieve the matters 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 2013, except for the adoption of new standards and interpretations as of 1 July 2013, noted below:

AASB 10	Amendments to Australian Accounting Standards – Consolidated Financial Statements AASB 10 establishes a new control model that applies to all entities. It replaces parts if AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and UIG-112 Consolidation – Special Purpose Entities. AASB 10 had no impact on the accounting of investments held by the Company.
AASB 11	Amendments to Australian Accounting *Standards – Joint Arrangements* AASB 11 replaces AASB 131 Interest in Joint Ventures and UIG-113 Jointly-controlled Entities – Non-monetary Contributions by Ventures. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition, it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the ventures a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the ventures a right to the net assets is accounted for using the equity method. Consequential amendments were also made to this and other standards via AAB 2011-7, AASB 2010-10 and amendments to AASB 128. The group has interests in joint arrangements that meet the definition of joint operations under AASB 11. There is no impact on the accounting treatment.
AASB 12	Amendments to Australian Accounting *Standards – Disclosure of Interests in Other Entities* AASB 12 includes additional disclosures relating to an entity's interest in subsidiaries, joint arrangements, associates and structured entities. None of these disclosure requirements are applicable for interim financial statements, unless significant events and transactions in the interim period require that they are provided. Accordingly, the Company has not made such disclosures.
AASB 13	Amendments to Australian Accounting *Standards – Fair Value Measurement* AASB 13 establishes a single source of guidance under AASB for all fair value measurements. AASB 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under AASB when fair value is required or permitted. The application of AASB 13 has not materially impacted the fair value measurements carried out by the Group. AASB 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including AASB 7 Financial Instruments. Disclosures. Additional disclosures have been included (See note 12).
AASB 119 (Revised 2011)	Amendments to Australian Accounting *Standards – Employee Benefits* The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. Consequential amendments were also made to other standards via AASB 2011-10. The Group has classified leave provisions based on the timing of when the Group expects the benefit to become due to be settled. There has been no material impact upon adopting this standard.

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

Note 2 Income and expenses

	Consolidated	
	31 December 2013 $	31 December 2012 $
Loss for the period includes:		
Other income		
Gain on sale of fixed assets	527	112,903
Equipment rental income	-	6,000
Consultancy fee income	-	75,450
	527	194,353
Impairment expense and fair value movements		
Fair value gain/(loss) on held for trading financial assets (note 4)	-	(42,000)
Impairment on available for sale financial assets (note 5)	(6,008)	-
	(6,008)	(42,000)
Depreciation expense		
Office equipment	7,773	11,036
Motor vehicles	-	6,816
Site equipment	679	10,449
Buildings	13,263	25,011
	21,715	53,312
Employee expenses		
Wages, salaries and fees	297,419	474,031
Superannuation	30,408	36,520
Share based payments	74,284	187,950
	402,111	698,501
Income Tax		
Numerical reconciliation between aggregate tax expense recognised in the statement of comprehensive income and tax expense calculated per the statutory income tax rate		
Loss before income tax	(1,249,115)	(7,806,228)
Prima facie tax on result at 30% (2013: 30%)	(374,735)	(2,341,868)
Effect of tax rates in foreign jurisdictions	55,819	45,769
Non-deductible share based payment expense	53,406	87,109
Net fair value loss on held for trading financial assets	-	12,600
Gain on sale of fixed assets not taxable		(33,871)
Impairment on available for sale financial assets	1,802	-
Derecognition of available-for-sale financial asset	(3,833)	-
Under provision in prior year	(415)	(204,374)
Carry forward tax losses not brought to account	260,612	2,362,746
Other	6,929	71,889
Tax expense for the reporting period	(415)	-

	Consolidated	
	31 December 2013 $	31 December 2012 $

Note 3 Operating segment information

The following tables present revenue and profit information regarding the Group's operating segments for the half year ended 31 December 2013 and 2012, respectively.

Adjustments and eliminations
The following items and associated assets are not allocated to individual segments as the underlying instruments are managed on a group basis:

- Interest income and Finance costs
- Fair value gains/(losses) on held for trading financial assets
- Foreign currency gains and losses
- Cash
- Receivables
- Available for sale assets
- Held for trading assets

	Australia $	Namibia $	Total $
Half Year Ended 31 December 2013			
Revenue			
Other income	-	527	527
Unallocated			
Interest income			48,457
Total revenue			48,984
Results			
Pre-tax segment profit and loss	(1,138,116)	(2,217,044)	(3,355,160)
Unallocated			
Interest income			48,457
Impairment on available for sale financial assets			(6,008)
Derecognition of available for sale financial assets			12,776
Income tax expense			(415)
Loss from continuing operations after income tax			(3,300,350)

	Australia $	Namibia $	Total $
Half Year Ended 31 December 2013			
Segment Assets			
Segment operating assets	181,655	87,521,602	87,703,257
Unallocated assets			
Cash			2,672,613
Receivables			103,473
Available for sale financial assets			271,333
Total assets			90,750,676

	Australia $	Namibia $	Total $
Half Year Ended 31 December 2012			
Revenue			
Other income	194,353	-	194,353
Unallocated			
Interest income			98,569
Total revenue			292,922
Results			
Pre-tax segment profit and loss	(7,616,813)	(214,372)	(7,831,185)
Unallocated			
Interest income			98,569
Finance costs			(31,612)
Fair value loss on held for trading assets			(42,000)
Income tax benefit			-
Loss from continuing operations after income tax			(7,806,228)
Half Year Ended 31 December 2012			
Segment Assets			
Segment operating assets	465,858	87,865,041	88,330,899
Unallocated assets			
Cash			7,173,720
Receivables			325,273
Held for trading financial assets			-
Available for sale financial assets			580,833
Total assets			96,410,725

Note 4 Available-for-sale financial assets

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. 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. The Group identified an impairment of $6,008 on quoted ordinary shares.

Note 5 Deferred exploration expenditure

	Consolidated		
	31 December 2013 $	30 June 2013 $	31 December 2012 $
Cost brought forward at the start of the reporting period	87,934,508	86,892,339	91,169,926
Exploration expenditure incurred during the period at cost	1,521,731	2,914,715	3,566,392
Exchange adjustment	(625,332)	(1,693,968)	(1,508,772)
Exploration expenditure on tenements disposed of	-	(65,508)	-
Exploration expenditure written off	(2,158,681)	(113,070)	(6,335,207)
Cost carried forward at the end of the reporting period	86,672,226	87,934,508	86,892,339

The Group has restricted its Exploration expenditure in Australia and had the majority of its tenements lapse. It has not budgeted or planned significant expenditure for the future given its intention to divest its remaining Australian assets.
Exploration expenditure written off relates to assets for which the expenditure are not expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale.

Note 6 Current assets – cash and cash equivalents

	Consolidated		
	31 December 2013 $	30 June 2013 $	31 December 2012 $
Cash at bank and in hand	1,672,613	2,990,597	3,173,720
Deposits *	1,000,000	1,000,000	4,000,000
	2,672,613	3,990,597	7,173,720

*Included in trade receivables

Note 7 Contributed equity

	Consolidated	
	31 December 2013 $	30 June 2013 $
(a) Share capital		
Issued and fully paid	216,723,283	215,551,617
(b) Share movements during the year	$	No.
At 1 July 2013	215,551,617	1,560,859,287
Vested performance rights	269,498	3,503,280
Share Purchase Plan	965,900	48,295,000
Share issue costs	(63,732)	-
At 31 December 2012	216,723,283	1,612,657,567
(c) Share rights - Movement during the period	No.	
On issue at 1 July 2013	15,758,530	
Granted during the period	22,610,000	
Vested during period	(3,503,280)	
Lapsed during period	(2,019,730)	
Forfeited during period	(802,680)	
On issue at 31 December 2013	32,042,840	

Note 8 Share based payment

Between July and December 2013, a total of 22,610,000 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 with performance periods ranging from 1-3 years. There is no cash settlement for the rights. The fair value of rights granted during the six months ended 31 December 2013 was estimated on the date of grant using the following assumptions:

	Grant dates	
	8 July 2013	29 October 2013
Dividend yield (%)	-	-
Expected volatility (%)	85.00	85.00
Risk-free interest rate (%)	3.24	3.29
Expected life (years)	7.00	7.00
Underlying Security spot price ($)	0.043	0.02

For the half year ended 31 December 2013, the Group has recognised $74,284 as share-based payments in the statement of comprehensive income (31 December 2012: $187,950) as part of employee expenses and $103,737 as capitalised mineral and evaluation expenditure in the statement of financial position (31 December 2012: $102,413).

Note 9 Contingent liabilities and contingent assets

(i) Contingent liabilities

There were no material contingent liabilities as at 31 December 2013 other than:

Native Title and Aboriginal Heritage

Native title claims have been made with respect to areas within Australia which include tenements in which the Group has an interest. The Group is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the Group or its projects. Agreement is being or has been reached with various native title claimants in relation to Aboriginal Heritage issues regarding certain areas in which the Group has an interest.

(ii) Contingent asset

There were no material contingent assets as at 31 December 2013.

Note 10 Events after balance sheet date

No event or circumstance has arisen since 31 December 2013 that would require disclosure in the financial report.

Note 11 Financial Instruments

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

Consolidated	December 2013		June 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$
Cash and cash equivalents	2,672,613	2,672,613	3,990,597	3,990,597
Trade and other receivables	103,473	103,473	170,259	170,259
Available for sale investments	271,333	271,333	433,833	433,833
Trade and other payables	(305,885)	(305,885)	(547,153)	(547,153)
	2,741,534	2,741,534	4,047,536	4,047,536

Note 11 Financial Instruments (cont.)

Determination of fair values

The determination of fair values for the above financial assets and liabilities have been performed on the following basis:

Cash and cash equivalents, trade and other receivables and trade and other payables approximate their carrying amounts largely due to the short term maturities of these instruments.

Investments in equity and debt securities
The fair value of financial assets at fair value through profit and loss, available for sale investments and held for trading financial assets is determined by reference to their quoted bid price at the reporting date.

AASB 7 Financial Instruments require disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) Quoted prices in active markets (Level 1);
(b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and
(c) Inputs that are not based on observable market data (Level 3).

The following table presents the Group's assets measured and recognised at fair value.

Consolidated

31 December 2013	Quoted market price (Level 1)	Total
Financial Assets		
Available for sale	271,333	271,333
Total	271,333	271,333

30 June 2013	Quoted market price (Level 1)	Total
Financial Assets		
Available for sale	433,833	433,833
Total	433,833	433,833

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

In the opinion of the directors:

1. The financial statements and notes of the consolidated entity for the half year ended 31 December 2013 are in accordance with the *Corporations Act 2001*, including:

   a. giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half year ended on that date; and

   b. complying with Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*

2. 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.

On behalf of the Board of Directors.

Greg Cochran
Managing Director
Dated this day 11 March 2014

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Independent review report to members of Deep Yellow Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Deep Yellow Limited, which comprises the interim consolidated statement of financial position as at 31 December 2013, the interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* . As the auditor of Deep Yellow Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 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

Without qualifying our conclusion, we draw attention to Note 1 in the financial report which describes the principal conditions that raise doubt about the consolidated entity's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Ernst & Young

G H Meyerowitz
Partner
Perth
11 March 2014