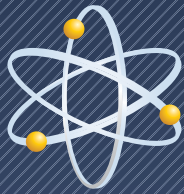
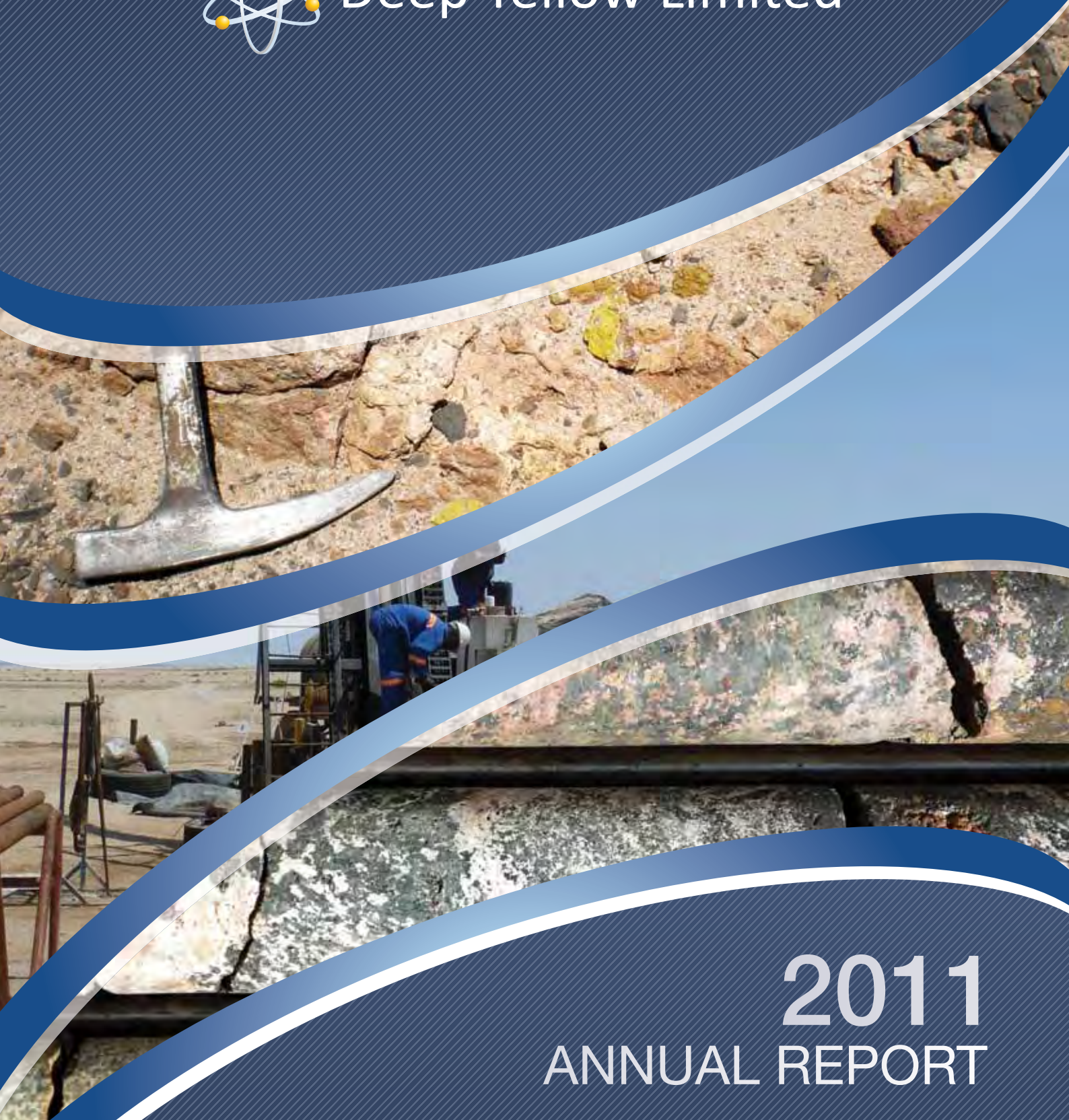


ASX: DYL



Deep Yellow Limited

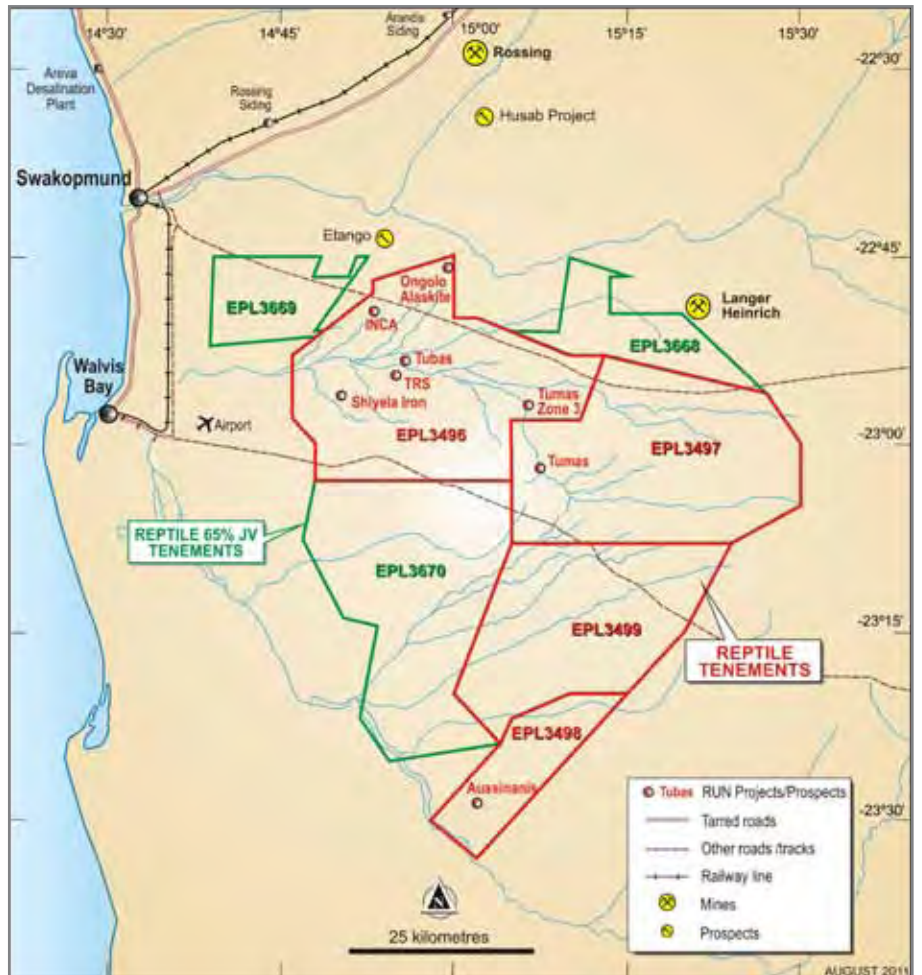


2011 ANNUAL REPORT

ABN 97 006 391 948

www.deeptyellow.com.au

NAMIBIA



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01

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

COMPANY SECRETARY

Mr Mark Pitts

STOCK EXCHANGE LISTINGS

Australian Securities Exchange (ASX)

Namibian Stock Exchange (NSX)

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ASX AND NSX CODE

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02

SUMMARY INFORMATION

COMPANY PROFILE

Deep Yellow Ltd (DYL) is an advanced stage uranium exploration company. The Company's primary focus is in Namibia, where exploration is conducted by its wholly-owned subsidiary Reptile Uranium Namibia (Pty) Ltd (RUN). DYL's flagship Omahola Project has a maiden JORC Compliant resource of 35.7 million tonnes (Mt) at 311 ppm for 24.5 million pounds (Mlbs) U₃O₈ (Indicated and Inferred) from three deposits, INCA, Tubas Red Sand (TRS) and Ongolo Alaskite.

Omahola is at pre-feasibility stage, with concurrent resource drill-outs and ongoing exploration along the highly prospective Ongolo-INCA trend.

DYL has conducted a successful pilot plant trial on the TRS deposit using advanced hydrocyclone technology enabling it to convert a low grade aeolian sand deposit to a high grade uranium concentrate.

As well as its significant uranium assets, DYL has discovered a substantial area of magnetite mineralisation on one of its tenements. Testwork on this asset, the Shiyela Iron Project, is ongoing to assess its potential.

In Australia, the Company is working on resource delineation of mid to high grade uranium discoveries in the Mount Isa district in Queensland and also owns the Napperby Uranium Project and numerous exploration tenements in the Northern Territory.

DYL's JORC Compliant Mineral Resource inventory comprises more than 105 Mlbs U₃O₈, with 93.3 Mlbs U₃O₈ in Namibia.

CORPORATE STRATEGY

DYL's strategy is to become a uranium producer by 2015 by successfully making the transition from advanced explorer to developer.

To achieve this, it will continue to conduct exploration on its high grade deposits in Namibia to grow its large, attractive resource base, complete its project evaluation activities and build a team to deliver on its strategy.

BOARD AND EXECUTIVE CHANGES

Greg Cochran was appointed as Managing Director on 24 January 2011 to replace Patrick Mutz who resigned for personal and family reasons. Mr Cochran is a mining engineer with over 25 years experience in the international mining industry.

Tony McDonald resigned from the Board at the end of December 2010 due to increasing demands from his other business activities including his role as Managing Director of a Queensland based resources company. Mr McDonald was an independent Non-executive Director of the Board and Chairman of the Remuneration Committee.



03

HIGHLIGHTS

EVENTS FOR FINANCIAL YEAR 2011

OMAHOLA PRE-FEASIBILITY STUDY

- Interim results released January 2011
- Potential for 12 year 2.2 Mlbs U₃O₈ per annum operation
- Conventional processing route with sulphuric acid leach and solvent extraction
- Competitive capital (less than U\$340 million) and operating costs (below U\$26/lb)

TUBAS RED SAND BENEFICIATION

- Pilot plant confirms deposit can be physically beneficiated
- High uranium recoveries achieved (above 80%)
- Effective carbonate reduction (above 85%)
- High grade concentrate produced with uranium upgrade factor close to 7

ONGOLO-INCA TREND EXPLORATION

- Two exciting new shallow high grade discoveries made as a result of detail mapping and structural interpretation
- MS7, some 2 kilometres southwest of the Ongolo Resource area
- INCA FS, some 2 kilometres southwest of the INCA Deposit
- Drilling continues with consistent, outstanding results – multiple intersections with grades well in excess of 400 ppm

SHIYELA IRON PROJECT

- Over 25,000 metres resource drilling completed in less than a year
- Two deposits defined, recovery and head assay work ongoing
- Second round of metallurgical testwork underway
- Potential to produce high quality product

ONGOLO JORC RESOURCE

- Maiden Indicated and Inferred resource announced May 2011
- 6.9 Mt at 407 ppm for 6.2 Mlbs U₃O₈ at 275 ppm cut-off
- Ongoing exploration success allows confidence for a significantly larger resource
- Increased the Omahola Project Resource base to 24.5 Mlbs U₃O₈

EVENTS SUBSEQUENT TO FINANCIAL YEAR 2011

THREE NAMIBIAN EPL'S RENEWED

- Three EPLs renewed in August 2011 for a further two years
- Renewal took place with no further conditions or limitations
- The bulk of the company's Namibian projects are located on two of these EPLs
- Gives certainty so that DYL can complete its planned exploration programme and project evaluation activities

QUEENSLAND JORC RESOURCE

- JORC Compliant Resource base increased as a result of successful exploration programme
- A new resource, the Citation Prospect, added to the Isa West Region
- Drilling at existing prospects resulted in increases in grade, content and confidence
- Resources now 4.7 million tonnes at 460 ppm for 4.8 Mlbs U₃O₈ at a 300 ppm cut-off

04

MINERAL RESOURCES SUMMARY JULY 2011

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)
REPTILE URANIUM NAMIBIA (NAMIBIA)						
Omahola Project						
INCA •	Indicated	250	9.4	385	3,628	8.0
INCA •	Inferred	250	5.5	445	2,449	5.4
Ongolo	Indicated	275	4.7	410	1,920	4.2
Ongolo	Inferred	275	2.2	400	890	2.0
Tubas Red Sand •	Measured/Indicated	100	3.2	168	532	1.2
Tubas Red Sand •	Inferred	100	10.7	158	1,685	3.7
Omahola Project Total			35.7	311	11,104	24.5
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	17,620	38.9
Tubas-Tumas Project Total			92.1	250	23,034	50.8
Aussinanis Project						
Aussinanis •	Indicated	150	5.6	222	1,243	2.7
Aussinanis •	Inferred	150	29	240	6,960	15.3
Aussinanis Project Total			34.6	237	8,203	18
RUN TOTAL - NAMIBIA			162.4	261	42,341	93.3
NAPPERBY PROJECT (NT, AUSTRALIA)						
Napperby	Inferred	200	9.3	359	3,351	7.4
NAPPERBY TOTAL			9.3	359	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
TOTAL INDICATED RESOURCES			39.5	345	13,643	30.0
TOTAL INFERRED RESOURCES			136.9	250	34,219	75.5
TOTAL RESOURCES			176.4	271	47,862	105.5

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.

05

CHAIRMAN'S LETTER



Dear Shareholders

Last year at this time I was bemoaning the adverse effects of the global economic crisis which was having a generalised negative effect on our industry and your company, Deep Yellow Limited (DYL). The doom and gloom that crisis heralded continues more or less unabated as I write this, but of course we are also now weathering the storm unleashed by the problems at Fukushima earlier this year. It is very easy to wring our hands in despair and to see the glass as half empty, but I think we should re-visit both what is actually happening in our marketplace and also what your company has and will continue to achieve. It makes interesting and optimistic reading.

It is common knowledge at this stage that the various reactors in Japan all weathered a freakish earthquake without any problems at all. The tsunami then knocked out backup cooling generators which were ill defended and poorly sited to cope with an event of such magnitude, producing the crises which we all know very well. Essentially it was an avoidable problem which, in addition, utilised a cooling system which is no longer in use in more modern reactors. The lessons are obvious and should be learned in full.

The vast majority of existing and future nuclear power users seem to have absorbed the lessons and moved on with no lack of momentum or intent. German politicians succumbed to populist political pressure and reversed their nuclear expansion plans – but the effect of this and other about turns is essentially not material in terms of the future expansion of nuclear power. Nuclear Power is and will continue to be the single best way to generate electricity without carbon dioxide emissions. We at DYL continue to believe passionately that the case for nuclear growth over the next twenty to thirty years is essentially as compelling as ever. On that basis we are sure that the demand for uranium will continue its upward trajectory as supply continues to diminish. Both of these effects are well documented and we are now 18 months away from a cathartic moment in uranium supply when the HEU treaty between Russia and the USA comes to an end – removing the equivalent of more than 10% of total supply to the market.

The Board and Senior Management for DYL have always believed that grade is a key component of our exploration strategy for economic reasons. We have thus focused on grades of 400 ppm and upwards in our hard-rock (alaskite), primary mineralisation projects and at least 300 ppm in our shallower calcrete, secondary mineralisation projects. We believe that anything less than this cannot be mined and processed profitably at uranium prices between USD\$40 and \$70 per lb. Even though we have set these extremely high benchmarks for our exploration teams, ably led by Dr Leon Pretorius, we have consistently produced set after set of outstanding, economic grade drill results, mainly in Namibia but also in Australia. These results are being turned into ever increasing JORC resources which will underpin the development of our projects in the next two to three years. The detail on these discoveries and results is contained in the Operations reports penned by Greg Cochran and Martin Kavanagh. Your management team fully believe that a number of viable production projects can and will emerge from our Namibian exploration licence areas in due course.

I am particularly enthused and excited by the technical work on low cost grade enhancement for some of our uranium bearing sands (e.g. Tubas Red Sand) that has been spearheaded in our laboratory by Klaus Frielingsdorf, our Namibian general manager. This work has shown a significant increase in grade and decrease in volume of material processed at very little cost. The opportunity to mechanically boost grade and therefore exploit areas that might otherwise lie dormant shows the creativity and expertise that is resident within DYL. I believe there is more to come from this initiative and that use of Schauenburg hydrocyclone technology will allow us to produce a commercially viable feedstock from sand resources within our palaeochannel deposits.

It would be remiss of me not to mention Shiyela, our embryonic magnetite iron ore deposit near the deep water port of Walvis Bay in Namibia. DYL has, very deliberately, been extremely cautious in terms of information flow and expectations regarding this prospect. However, together with our expert iron ore consultants at ProMet and Golders, much progress has been made during the year. We continue to believe that there is an increasing opportunity for Shiyela to produce considerable tonnages of high quality iron products for export through Walvis Bay. Given we are still in evaluation mode on Shiyela, we will continue to ponder the best way forward for this project, both in terms of our primary remit as uranium explorers and also the best way to create a return for shareholders in an overall sense. It has been remarked more than once at Board meetings that this is a nice problem to have!

Deep Yellow has continued to invest in exceptional people, especially at the senior executive level. Greg Cochran joined us as MD in January and has already made a significant difference both in operating terms and also in assisting your Board in strategic decision making. Our twin focus on both continuing our exploration efforts while pushing ahead with project development, has been firmed up and emphasised by the recent recruitment of Werner Messidat as General Manager of Projects. This senior appointment allows us to focus teams and resources to the growing number of projects in Namibia and push them through to a development decision and eventual completion.

On behalf of the Board I'd like to acknowledge the efforts of our teams in Namibia and Australia and thank them for their commitment to Deep Yellow. I also want to express my sincere thanks to my fellow directors for their substantial contribution to the Company over the past year.

We cannot influence the external financial environment, and our ability to counter the misinformation and pessimism post Fukushima has been limited. However, as your Chairman, I am extremely happy that the areas that we can control and enhance are being managed and operated better than ever within DYL. Our effectiveness, efficiency and, indeed, our demonstrable results and achievements continue to improve year after year. Assuming we are correct about the longer term growth in both nuclear power generation and hence the need for a significant increase in mined uranium to fuel the reactors, then the exemplary work that we have done during 2010 and 2011 and planned for 2012 will prove to be the cornerstone of the success of DYL that we all wish to see and that you expect of us.

Mervyn Greene
Chairman

06

REVIEW OF OPERATIONS



INCA Drilling



Schauenburg Pilot Plant



Rare high rainfall turns the desert into a green paradise

07

NAMIBIA CORPORATE

ECONOMIC EMPOWERMENT IN NAMIBIA

The Government of the Republic of Namibia (GRN) has a long term objective of ensuring that all its citizens benefit from the growth and development of the mining industry in the country. It has taken tangible steps over the last few years to achieve this objective by asking companies to:

Ensure equity participation in mining projects by previously disadvantaged Namibian individuals (also loosely referred to as Black Economic Empowerment or BEE); and

Commit to empower people impacted by mining projects by investing in social upliftment programmes in the wider community (Broad Based Economic Empowerment or BBEE).

In addition the GRN established a state-owned mining company, Epangelo Mining Company (Pty) Ltd (Epangelo), to directly participate in the mining industry. It is envisaged that over time, Epangelo will play a greater role in the development of the country's strategic minerals, which include uranium, copper, gold and zinc.

RUN is supportive of the GRN's empowerment objectives and has therefore implemented a BEE and BBEE charter which has been approved by the Ministry of Mines and Energy (MME). In accordance with its charter, RUN has executed an agreement with Oponona Investments (Pty) Ltd (Oponona) to achieve both its BEE and BBEE objectives. Under the agreement, Oponona has the right to acquire a 5% interest in all projects developed on any of RUN's 100% held



Reptile Uranium Namibia (Pty) Ltd office in Swakopmund

Exclusive Prospecting Licences (EPLs) at historical cost which may be funded out of profits.

Oponona's directors are highly regarded in the Namibian community, having been successful at the highest levels of business and politics:

Ambassador Monica Ndiliawike Nashandi: Ambassador Nashandi currently works in the Private Office of the President as Deputy Executive Director. She has extensive international experience having worked for over 20 years at the United Nations. She was Namibia's ambassador to the Nordic countries and High Commissioner to the United Kingdom.

Dr Ben Mulongeni: Dr Mulongeni is a veteran journalist and political scientist and is currently the Director of Planning and Development at the Khomas Regional Council. He was Namibia's longest serving Director General of the country's public broadcaster and also served as Secretary to the National Council.

Mr Jason Nandago: Mr Nandago is the Managing Director of Metropolitan Namibia,

which has been a major player in the local life insurance industry for over 40 years. Previously he was an Executive Director at Standard Corporate and Merchant Bank Namibia and at Norwich Investments Namibia. He started his career in research at the Bank of Namibia.

A key component of the agreement with Oponona is the requirement to establish a community trust that will be overseen by its Directors. This trust will receive 40% of all income received by Oponona from its 5% equity position in RUN's projects. A commitment has been made to start funding the trust immediately after first sales are made and the income to the trust will be distributed to the local community to assist with education and general community upliftment programmes.

On RUN's 65% owned Nova Energy (Namibia) (Pty) Ltd joint venture EPLs, its BEE partner is Sixzone Investments (Pty) Ltd which holds a 10% share of the established joint venture with Toro Energy Ltd's Namibian subsidiary Nova Energy (Africa) (Pty) Ltd holding the remaining 25%.

08

NAMIBIA PROJECTS

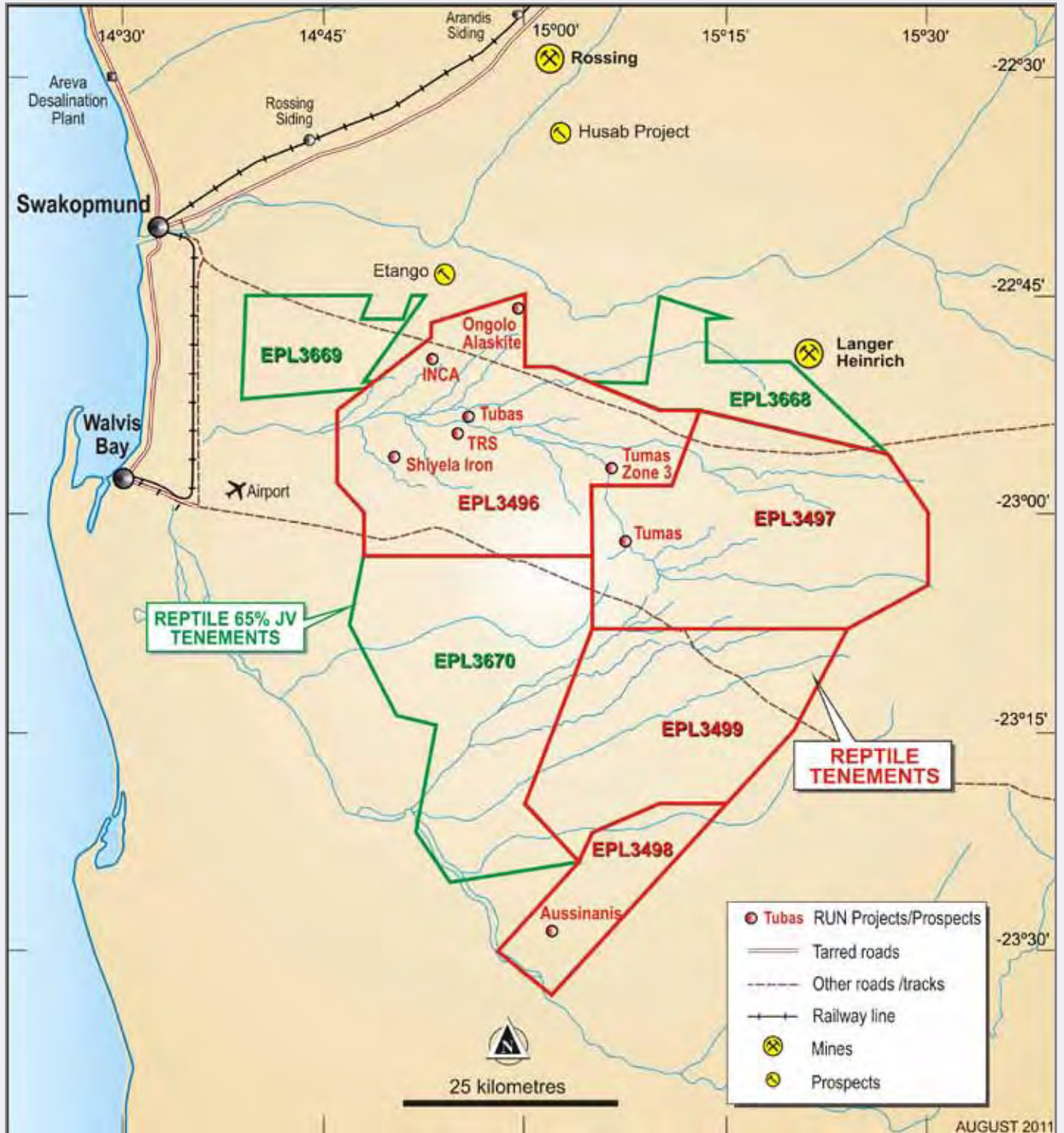


Figure 1: Locality map showing RUN's four EPLs and projects, the three Nova JV EPLs plus uranium mines and projects held by other companies in the area

OMAHOLA PROJECT

The Omahola Project is the company's flagship project, which conceptually comprises a single plant processing a blend of ore from three deposits – the primary mineralised uraniferous magnetite INCA deposit, the Ongolo Alaskite deposit, and the secondary mineralised Tubas Red Sand (TRS) deposit.

The Omahola Project JORC Compliant Indicated and Inferred resource totals 35.7 Mt at 311 ppm for 24.5 Mlbs U₃O₈. Drilling is ongoing at Ongolo, the newly discovered MS7 Prospect and INCA FS with the potential to add to this resource base.

SNC-Lavalin (SNCL) is conducting the Omahola Pre-Feasibility Study for DYL. Interim results released in early 2011 demonstrated the potential for an operation with:

- A 12-year mine life at a production rate of 2.2 Mlbs U₃O₈ per annum;
- Competitive capital costs of less than US\$340 million including a 10% contingency;
- Operating costs below US\$26/lb U₃O₈; and
- Conventional processing with sulphuric acid leach and solvent extraction.

DYL has completed pilot plant testwork that demonstrated that the low grade TRS deposit could be economically beneficiated to produce a low carbonate, uranium rich sand concentrate that will be suitable feedstock for the Omahola Plant.

The process effectively recovers over 80% of the uranium in less than 20% of the feed mass.

Pre-Feasibility Study

The PFS commenced in March 2010 based on the INCA and Tubas Red Sand (TRS) uranium deposits which had a combined resource containing 8,294 tonnes (18.3 Mlbs) U₃O₈, with additional resources anticipated from further exploration. The timing of the PFS was extended in November 2010 to include potential ore supply from the Ongolo Alaskite Deposit which was discovered in April 2010.

With the addition of the maiden JORC Compliant Indicated and Inferred Mineral Resource estimate for Ongolo Deposit in May 2011, totalling 6.9 Mt at 410 ppm for 6.2 Mlbs U₃O₈ at a 275 ppm cut-off, the total Omahola Project Resource base increased to 24.5 Mlbs.

The Resource is now believed to be of suitable size to advance development of a 2.2 Mlbs U₃O₈ per annum mine with a minimum 12 year life. A further resource upgrade for Ongolo is expected shortly as drilling continues to the southwest where the deposit is open along strike.

A decision was taken to undertake further calc index tests on core from the INCA Deposit to enhance the confidence of potential acid consumption in the process plant.

Acid consumption is a key component of the estimated operating costs. The PFS will be finalised once these tests have been completed.

Interim PFS Results

SNCL provided interim results for the PFS in January 2011. It assumed a production rate of 1,000 tonnes (2.2 Mlbs) U₃O₈ per annum beginning 2014 targeting resources for a minimum 12 year mine life, generated from open-cut mining at the INCA deposit (80% of plant feed) and the Tubas Red Sand (TRS) deposit (20% of feed). The INCA deposit would be mined by shallow, open-cut mining (starting from 20 metres). A conventional processing plant with crushing, grinding, sulphuric acid leach and solvent extraction followed by uranium precipitation was envisaged. Results included:

- Capital costs in a range of US\$324 to US\$336 million with 10% contingency;
- Operating costs estimated to be US\$24.90 to US\$25.30 per pound U₃O₈;
- Capital and operating costs were reported with an accuracy of -15% to +25%;
- Iron (magnetite) could be produced as saleable by-product; and
- Sulphuric acid to be partially generated on-site.

Prior to the inclusion of Ongolo, the plant was to be located at INCA, however with Ongolo's growing importance it is now likely that the plant would be at Ongolo.

PROJECT SUMMARY

Inca Uraniferous Magnetite

- JORC Resource: 13.4 Mlbs
- Primary mineralisation
- Open Pit Hardrock – Drill and blast
- Acid plant treatment
- Cut-off: 250 ppm Grade: 405 ppm

Ongolo Alaskite

- JORC Resource: 6.2 Mlbs
- Primary mineralisation
- Open Pit Hardrock – Drill and blast
- Acid plant treatment
- Cut-off: 275 ppm Grade: 407 ppm

Tubas Red Sand

- JORC Resource: 4.9 Mlbs
- Secondary mineralisation
- Free dig/physical beneficiation
- Acid or alkali plant treatment
- Cut-off: 100 ppm Grade: 160 ppm

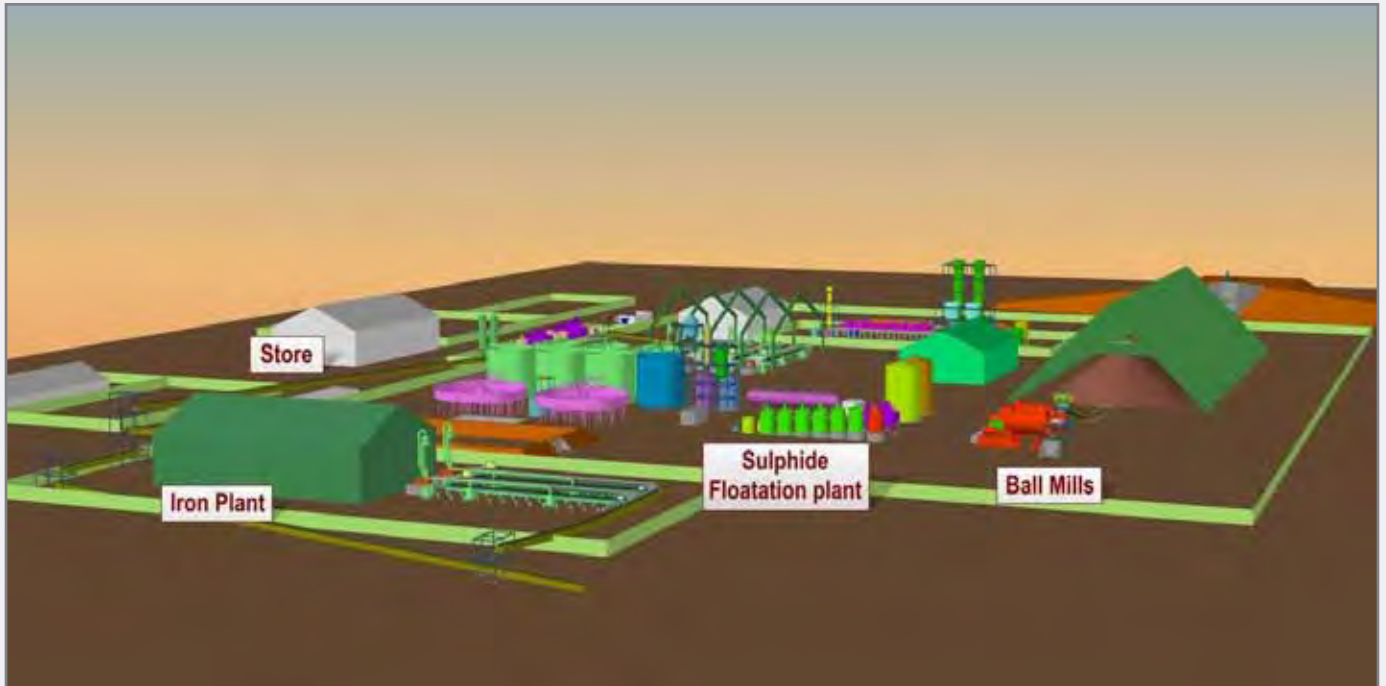


Figure 2: Processing Plant

The TRS deposit will be mined by a simple surface mining techniques as the mineralisation is located from 1 metre to a maximum depth of approximately 15 metres. A mobile beneficiation plant will be located at the TRS deposit which will physically beneficiate the ore to a high grade sand concentrate to be transported to the main processing plant.

The main processing plant could be equipped with a magnetic recovery circuit to recover magnetite (iron) from the tailings stream. This iron could be sold for use in third party producers' uranium acid leach circuits to enhance uranium extraction.

The main plant could also be equipped with a pressure oxidation autoclave to generate a significant quantity of sulphuric acid on-site from pyrite in the INCA ore, thus reducing the quantity of sulphuric acid required to be purchased and transported to the site.

A conceptual design of the main processing plant is shown in Figure 2.

Water supply is a key risk area for a mining project in Namibia and therefore RUN completed limited pump testing of aquifers in the region and confirmed the availability of significant amounts of groundwater (albeit saline) at INCA and in the nearby palaeochannel system. Aquifer recharge tests and Government licensing will determine how much (if any) of the total water supply required for the Omahola Project can be sourced from this natural, local water supply.

The cost of an on-site desalination plant has been included in the capital estimate. RUN is also pursuing an alternative option of securing desalinated sea water to be supplied by Namibia's water provider NamWater.

Due to the proximity of the project to the coastal towns of Swakopmund and Walvis Bay and ready access via a sealed, black-top road, it is anticipated there will be no need for on-site housing for construction and operation personnel.

INCA DEPOSIT

The mineralisation at INCA is best described as metasomatic introduction of uranium and iron into a northeast plunging syncline. Although the footwall to the syncline is competent crystalline marble, skarn formation is limited and mostly occurs within other calc-silicate strata within the syncline. A long section view of the mineralised system is given in Figure 3.

Following completion of the INCA drill programme in September 2010 Coffey Mining Pty Ltd (Perth) (Coffey) provided a JORC Compliant resource estimate for INCA of 15 Mt at 405 ppm U₃O₈ for 6,077 tonnes – 13.4 Mlbs of U₃O₈. It is envisaged that the INCA deposit will be mined initially by open pit methods to 150-180 metres vertical depth, then by underground methods to access the high grade INCA Deeps mineralisation.

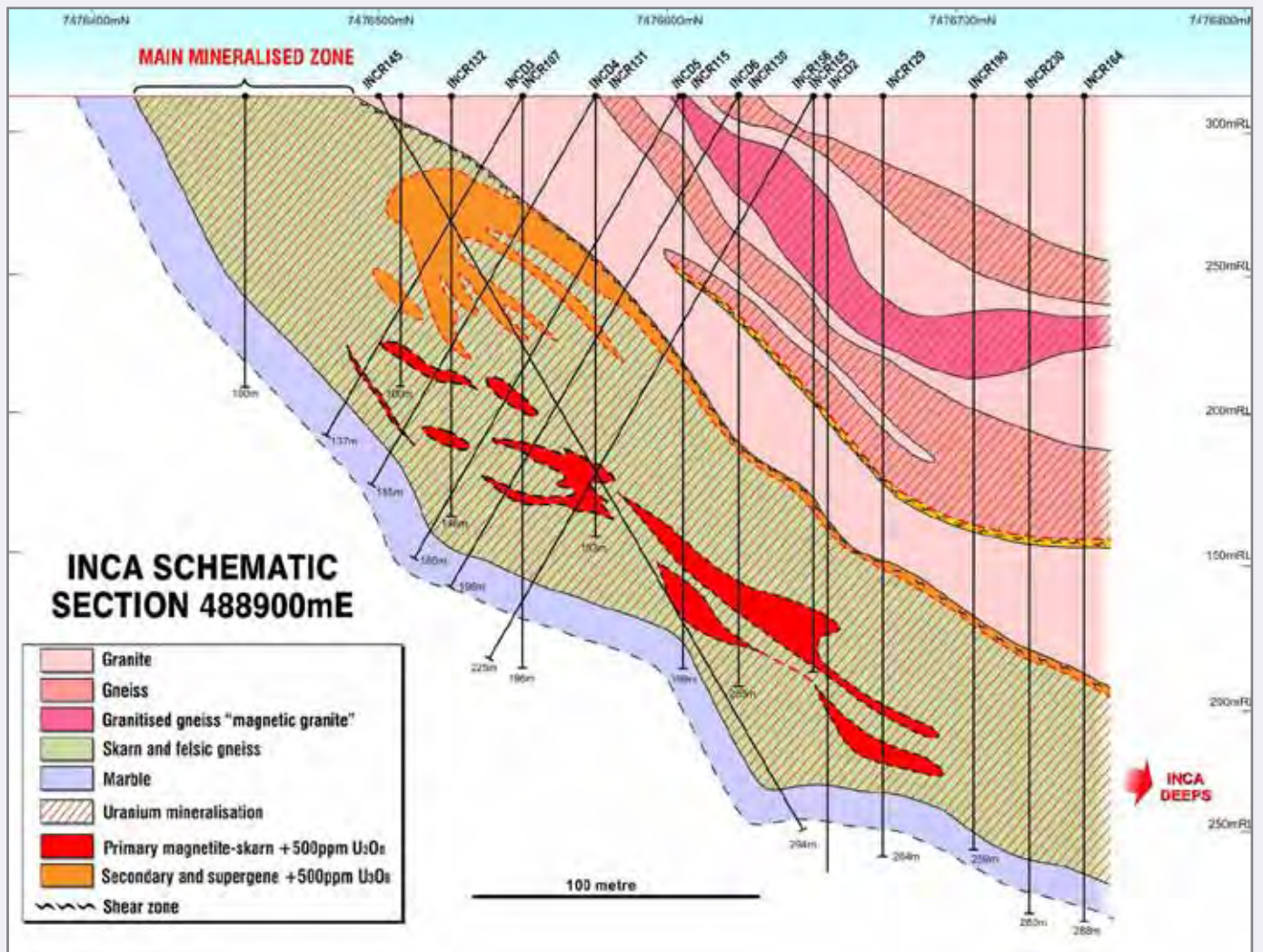


Figure 3: S-N Long Section 488900mE

ONGOLO ALASKITE DEPOSIT

Background

The Ongolo Alaskite deposit is potentially the main source of ore for the planned Omahola Project Processing Plant.

The JORC Compliant Indicated and Inferred Mineral Resource estimate for Ongolo is 6.9 Mt at 410 ppm for 6.2 Mlbs U₃O₈ at a 275 ppm cut-off. Detail structural mapping is providing a model for higher grade uranium mineralisation in the district along a trend to the INCA deposit.

Evaluation of the potential of alaskites in the northern part of EPL 3496 commenced in late 2007. Five RC drill holes and one diamond core hole were drilled in the initial programme in early 2008. Downhole radiometric logging returned extensive 100+ ppm U₃O₈ values typical for such alaskitic material in the area, as reported by other explorers with adjoining tenements. Secondary uranium mineralisation was also developed in sands and calcrete

within a broad plain south-southwest from the outcrop areas. With the discovery of the higher grade INCA uranium mineralisation, drilling was put on hold at the Alaskite Project.

As the intensity of the INCA drilling was reduced early in 2010, drilling recommenced at Ongolo and was immediately successful. High grade uranium intersects were made with discovery hole ALAR13 returning chemical assays of 89 metres at 400 ppm U₃O₈ from 128 metres.

This led to an intensive campaign that was completed in March 2011 to allow the maiden JORC resource work conducted by Coffey to be released in May.

Ongolo Resource Area

Resource drilling is continuing with the objective of covering the original 2 kilometre strike of the mineralised zone outlined by the

early reconnaissance drill programme and beyond.

Across strike, multiple mineralised zones with grades in excess of 400 ppm U₃O₈ occur within a mineralised alaskite envelope with an average U₃O₈ content of approximately 200 ppm. Selected assay highlights include:

- ALAR210 11 metres at 3,405 ppm U₃O₈ from 58 metres
- ALAR238 26 metres at 541 ppm U₃O₈ from 65 metres
- ALAR242 28 metres at 459 ppm U₃O₈ from 85 metres
- ALAR265 14 metres at 686 ppm U₃O₈ from 177 metres

Uranium mineralisation at Ongolo is hosted by alaskitic granite, which occurs as voluminous masses and sheeted intrusive dykes, within the metasedimentary Khan Formation.

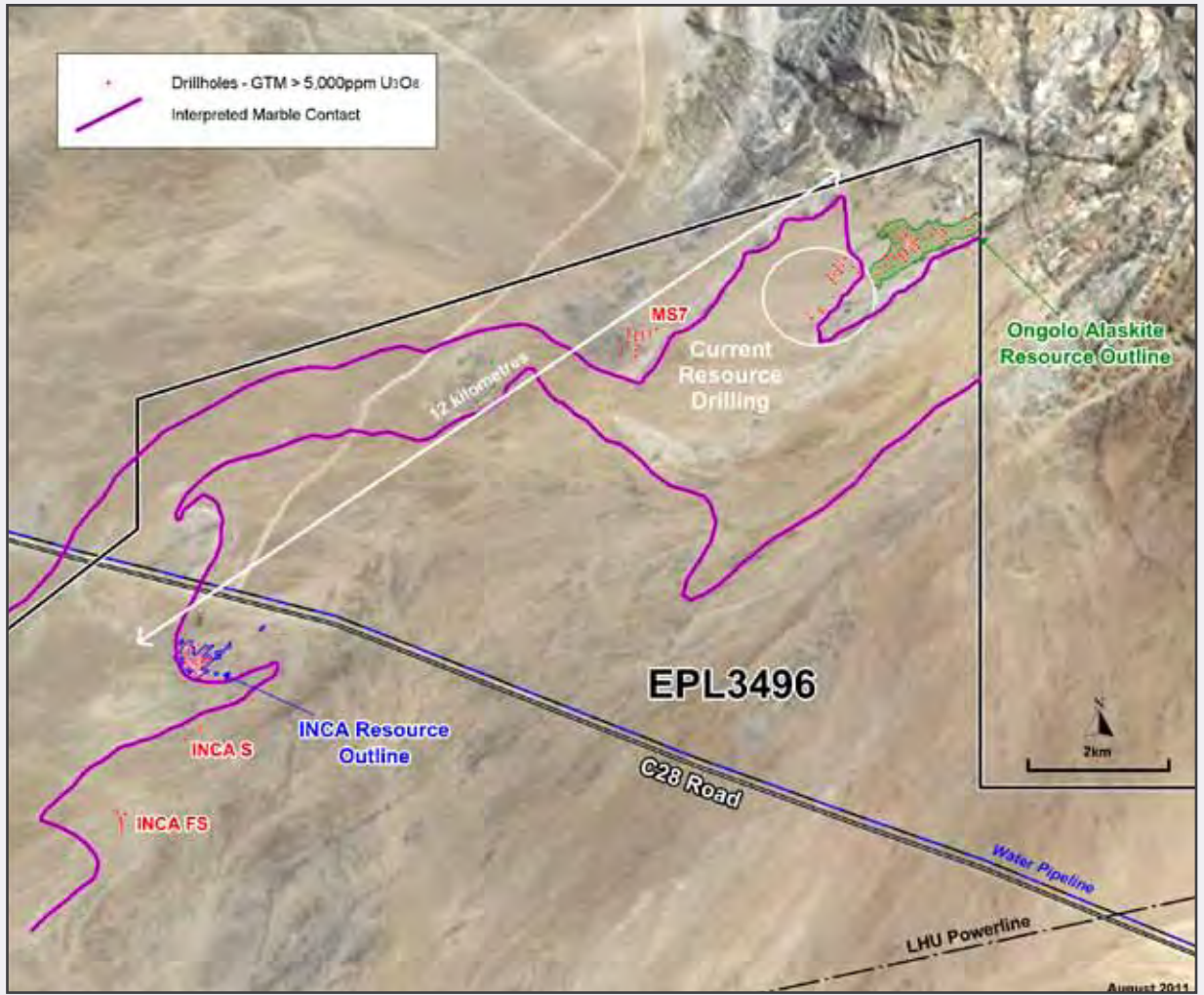


Figure 4: Map showing Ongolo Resource Area relative to the INCA Ongolo Deposit and the MS7 and INCA FS Prospects

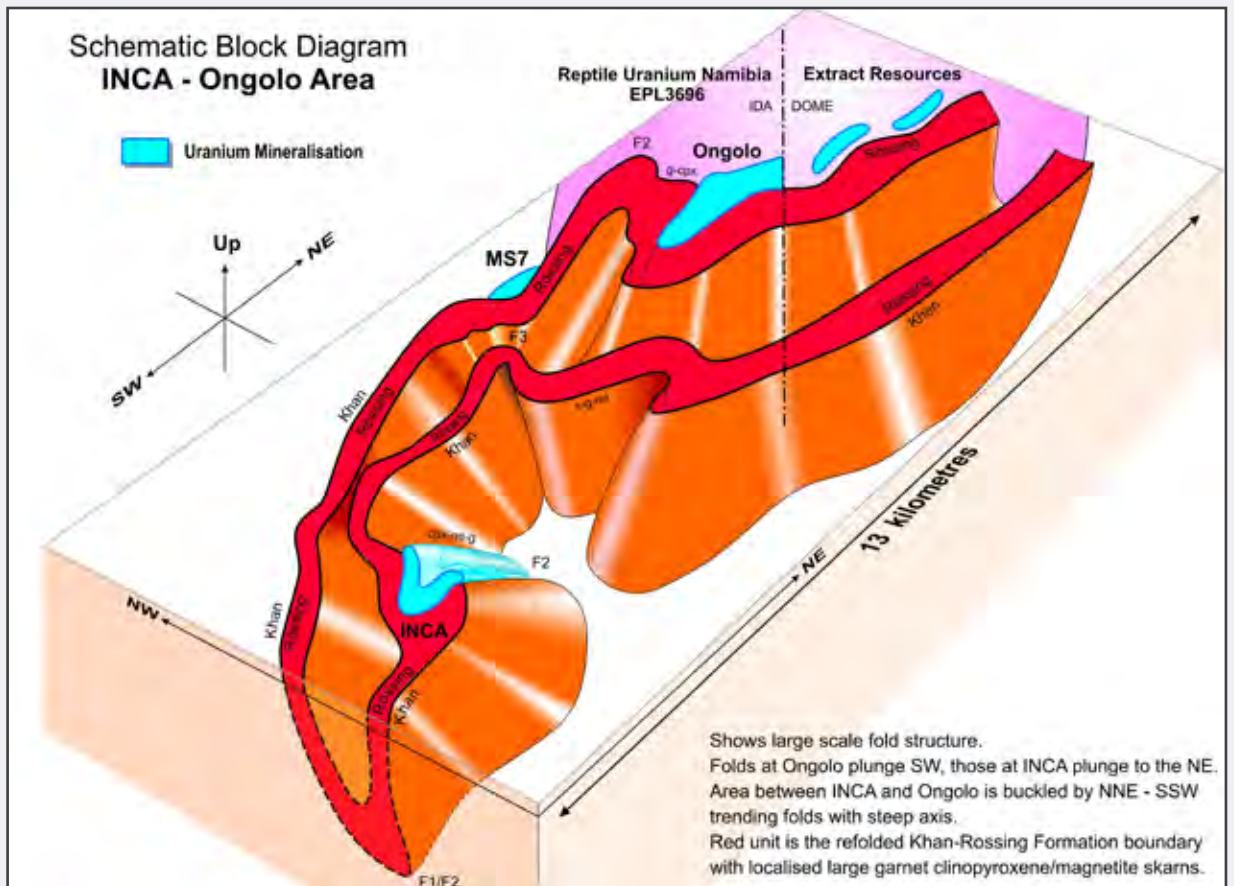


Figure 5: Schematic Block Diagram INCA - Ongolo Area



Figure 6: High grade alaskite mineralisation with smoky quartz in diamond hole ALAD001

The Ongolo mineralisation comes to within 20 metres of surface and underlies a broad, flat gently sloping sheetwash plain, thinly veneered by gravelly alluvial and aeolian sands. The host rocks are mostly pelitic gneiss with variable but significant pyrite/pyrrhotite content, which may be important if sufficient to be recovered to support locally generated sulphuric acid production. The uranium mineral is primarily uraninite, and where present at grades of greater than 500 ppm, is marked by the presence of significant visible smokey quartz and frequently, biotite (Figure 6).

MS7 PROSPECT

The prospect is located approximately 2 kilometres to the west of the Ongolo Alaskite deposit. The main mineralised zone extends about 400 metres along strike and is up to 200 metres wide.

Drilling is returning consistently good results with growing recognition that the geology of the area closely replicates the main Ongolo resource area and may, with further drilling, join up with it.

INCA FAR SOUTH

RC drilling at the INCA FS Prospect is successfully outlining a north-south

mineralised zone, 2 kilometres south of the INCA deposit. High grade intercepts at INCA FS have also been confirmed by chemical assay, for example:

- INCR454 22 metres at 1,195 ppm U₃O₈ from 32 metres

TUBAS RED SAND DEPOSIT

The Tubas Red Sand Deposit (TRS) consists generally of low grade secondary uranium mineralisation (carnotite) in well-sorted aeolian (windblown) sand which occurs immediately south of the Tubas palaeochannel. A small area was intensely drilled around a trial mining trench (Figure 7) to acquire bulk samples for physical beneficiation testwork. The JORC resource estimate for the TRS deposit is considered initial as this style of mineralisation has been encountered in numerous boreholes outside the current resource area.

A pilot plant test (Figure 8) early in 2011 demonstrated that the TRS deposit could be physically beneficiated in an economical and chemical free process to produce a low carbonate, uranium rich concentrate. The upgraded material is suitable feedstock for the proposed Omahola plant.

The results of the testwork showed that:

- over 80% of the uranium could be recovered in less than 20% of the feed mass;
- uranium content could be upgraded by as much as a factor of 6.9; and
- carbonate could be reduced by up to 86% giving lower acid consumption in the leach process.

The outstanding testwork results mean that a full scale plant designed and supplied by Schauenburg MAB GmbH, Germany (Schauenburg), together with a scrubbing and a de-watering circuit, can likely be used to cost-effectively upgrade the TRS deposit.

As a result of the success of this testwork, a Schauenburg-supplied plant would have a process guarantee.

The success of the testwork will allow the company to add significant resources to the TRS deposit as similar mineralised red sands occur adjacent to and may flank the mineralised Tubas-Tumas palaeochannel system over some 30 kilometres. Other RUN deposits in Namibia, such as Aussinanis, may also be amenable to this process.



Figure 7: TRS Bulk Sample Trench



Figure 8: Schauenburg Pilot Plant in RUN's laboratory

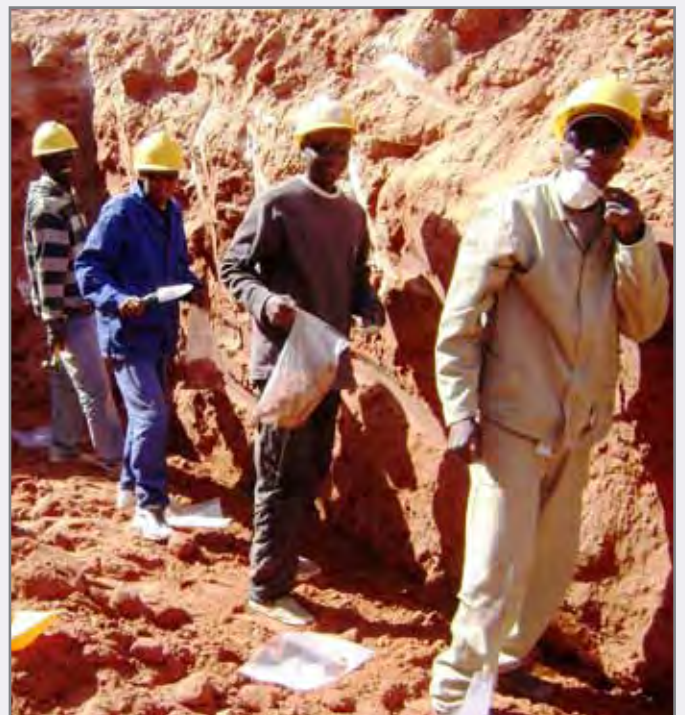


Figure 9: TRS Sampling Crew

SHIYELA IRON PROJECT

RUN identified a substantial area of magnetite mineralisation on its 100% held Exclusive Prospecting Licence (EPL) 3496 in 2008 when an iron-oxide-copper-gold-uranium prospect hole made a 340 metre magnetite rich intercept from near surface.

A decision was taken after an internal review to test the potential of the deposit. The review recognised that if this proved to be a significant magnetite deposit then it would have a number of natural competitive advantages due to its location:

- 45 km by road from Walvis Bay deep sea port with a potential available export capacity of 2 Mtpa;
- 10 km from the main C14 road that leads to Walvis Bay;
- 10 km from the Kuiseb electricity substation which currently supplies Langer Heinrich Uranium Mine; and
- Potential source of water in the Tubas channel to the north of the project area.

Initial core sample testing of the upper 25 metre (slightly oxidised zone) returned a high-grade magnetite concentrate of 70% iron with very low silica and no deleterious elements (SiO₂, Al₂O₃, P, S).

Consultants have been appointed to assist in the evaluation of Shiyela, including Golders Associates Pty Ltd for the resource work and ProMet Engineers Pty Ltd (Perth) for engineering and to complete a Scoping Study.

STATUS

The first phase of the exploration programme commenced in mid-2010, with the objective of identifying an initial resource of 120 to 150 million tonnes containing 20 to 25% magnetite to 200 metres vertical depth. If economically feasible, this would sustain a 2 Mtpa (product) mine life for 15 years. A resource drill out which included geotechnical core drilling and reconnaissance RC drilling was completed at

the end of April 2011 with a total of 207 RC holes for 36,731 metres and 8 diamond holes for 2,196 metres having been drilled on two targets – the M62 and M63 deposits.

The exploration programme confirmed strongly mineralised zones in both deposits with the M62 deposit being open in all directions. It was drilled along strike for almost a kilometre and over a maximum width of 500 metres and to a vertical depth of just over 300 metres. By comparison the M63 deposit is open at depth, has a strike length of over 800 metres with a width of 500 metres and has been drilled down to a maximum vertical depth of approximately 300 metres. Further reconnaissance drilling confirmed northerly and southerly extensions to M62.

As can be seen in Figure 10, the geophysical signature of the main zone of magnetic anomalous that hosts M62 is some 20 kilometres long and has yet to be drill tested for additional resource potential.

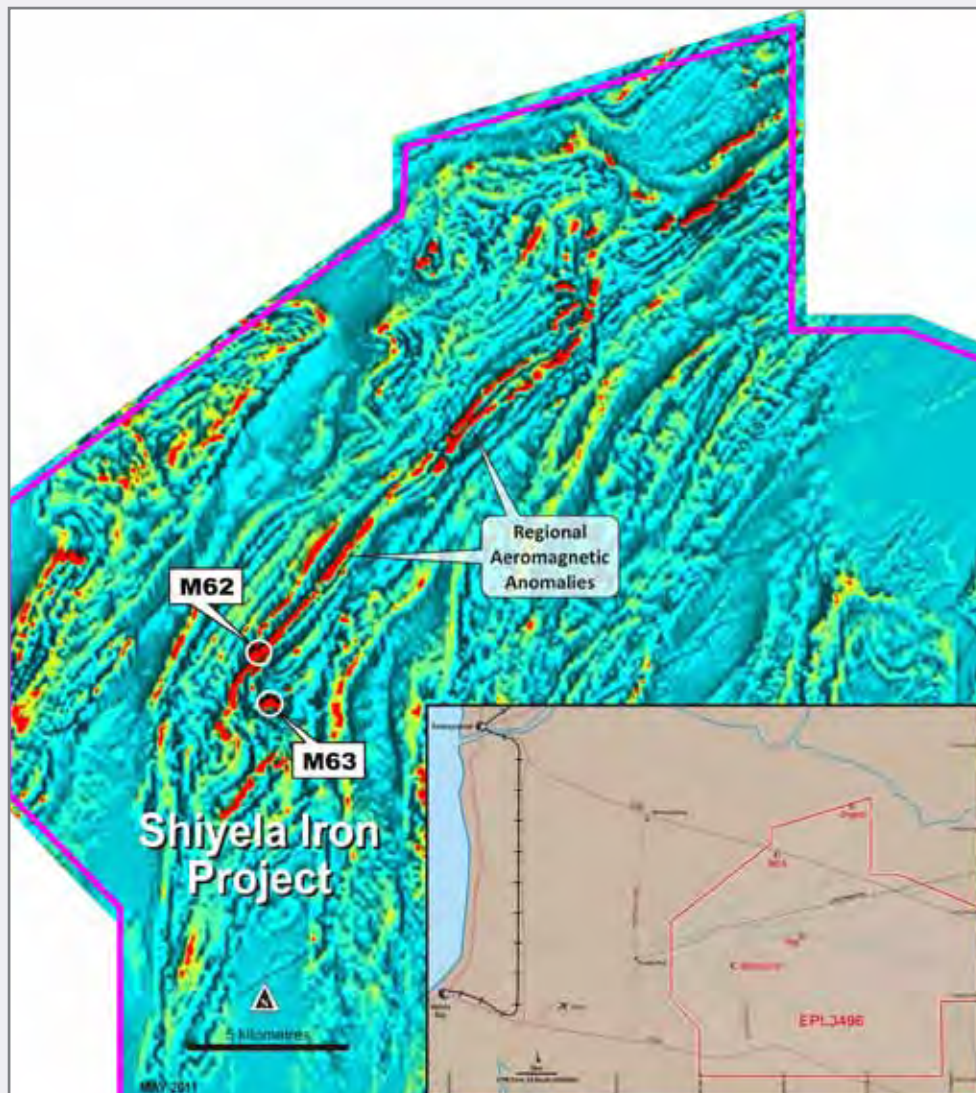


Figure 10: Aeromagnetic map showing a magnetic image, with red showing the highest intensity and blue the lowest intensity

Initially, five metre composite samples from four RC holes and two core holes were submitted for Davis Tube Recovery (DTR) testwork, total iron analysis and ICP/MS multi-element analysis at ALS Laboratories in Perth. In addition, three 50 kg bulk samples made up from HQ diamond core samples from three holes across the two deposits were shipped for physical and metallurgical testwork at ProMet in Perth.

The three samples represented three different types of ores:

- oxidised hematitic rock from close to surface to a maximum depth of 40 metres, containing low to medium grade mineralisation;
- fine grained magnetite hematite rock containing low to medium grained mineralisation; and

- coarse grained magnetite rock containing high grade mineralisation.

The results were encouraging, as all three samples displayed excellent metallurgical characteristics with extremely low silica and other deleterious elements with the potential to produce excellent quality products (see Table 1).

Table 1: Summarised Product Qualities of the three ore types

Fe	SiO ₂	Al ₂ O ₃	CaO	MgO	TiO ₂	Mn	P	S	K ₂ O	Na ₂ O	Zn	LOI
Hematite												
69.50	0.80	0.71	0.116	0.090	0.170	0.040	0.008	0.008	0.026	0.009	0.014	-1.27
Fine												
69.70	1.66	0.99	0.194	0.240	0.350	0.060	0.005	0.073	0.037	0.013	0.019	-3.23
Coarse												
70.70	0.61	0.97	0.441	0.170	0.210	0.030	0.003	0.004	0.024	0.017	0.017	-3.12

Mineralisation resides in tectonic layering – steep dipping and regionally (and locally) folded. At M62 layering dips at about 45° to the west and strikes approximately 030°. At M63 layering is sub-vertical and strikes approximately east-west although modified by steep plunging folds in part.

WORK IN PROGRESS

- Recognition that a hematite fraction could potentially also be recovered, thereby increasing overall recovery, prompted further testwork before finalisation of the maiden JORC Code Resource estimate for both deposits.
- A second round of metallurgical testwork is therefore underway by ProMet and Ammtec in Perth.

- RUN is conducting total iron XRF analysis on one metre samples from the drilling programme and undertaking its own DTR testwork on four metre composites across the deposit for the Resource estimate.
- The already approved scoping EIA for Shiyela is being updated with the objective of finalising the EIA and producing an Environmental Management Plan.



Figure 11: M62 Magnetite Outcrop



Figure 12: Shiyela Iron Project M63 – Medium to coarse-grained dark grey magnetite bands at 23 metres depth (Hole SHID4)



Figure 13: M63: Coarse-grained magnetite (mgt) - hematite (hm) and quartz (qtz)

09

NAMIBIA EXPLORATION

PALAEOCHANNEL EXPLORATION

Current Palaeochannel JORC Compliant resources total 126.7 Mt at 247 ppm U₃O₈ for 31,237 tonnes – 68.8 Mlbs U₃O₈.

The palaeochannel systems within RUN's tenements, aggregate 80 kilometres of prospective channel with JORC Compliant Mineral Resources established at Tubas (2008), Tumas (2009 and 2010) and Aussinanis

(2010) (Figure 14). RC drilling of the Tumas 3 sector of the palaeochannel over 30 kilometres on wide spaced regional lines outlined an exploration target in the range of 10 to 30 million tonnes at a grade of 300 to 400 ppm U₃O₈ at 200 ppm cut-off.

These palaeochannel deposits contain

secondary uranium mineralisation (carnotite) hosted predominantly by fluvatile sheetwash deposits with some deeper incised palaeochannel development. It is envisaged that these shallow resources will be, for the most part, free digging with some drill and blast sections. Ore would likely be treated in an alkali plant (as at Langer Heinrich).

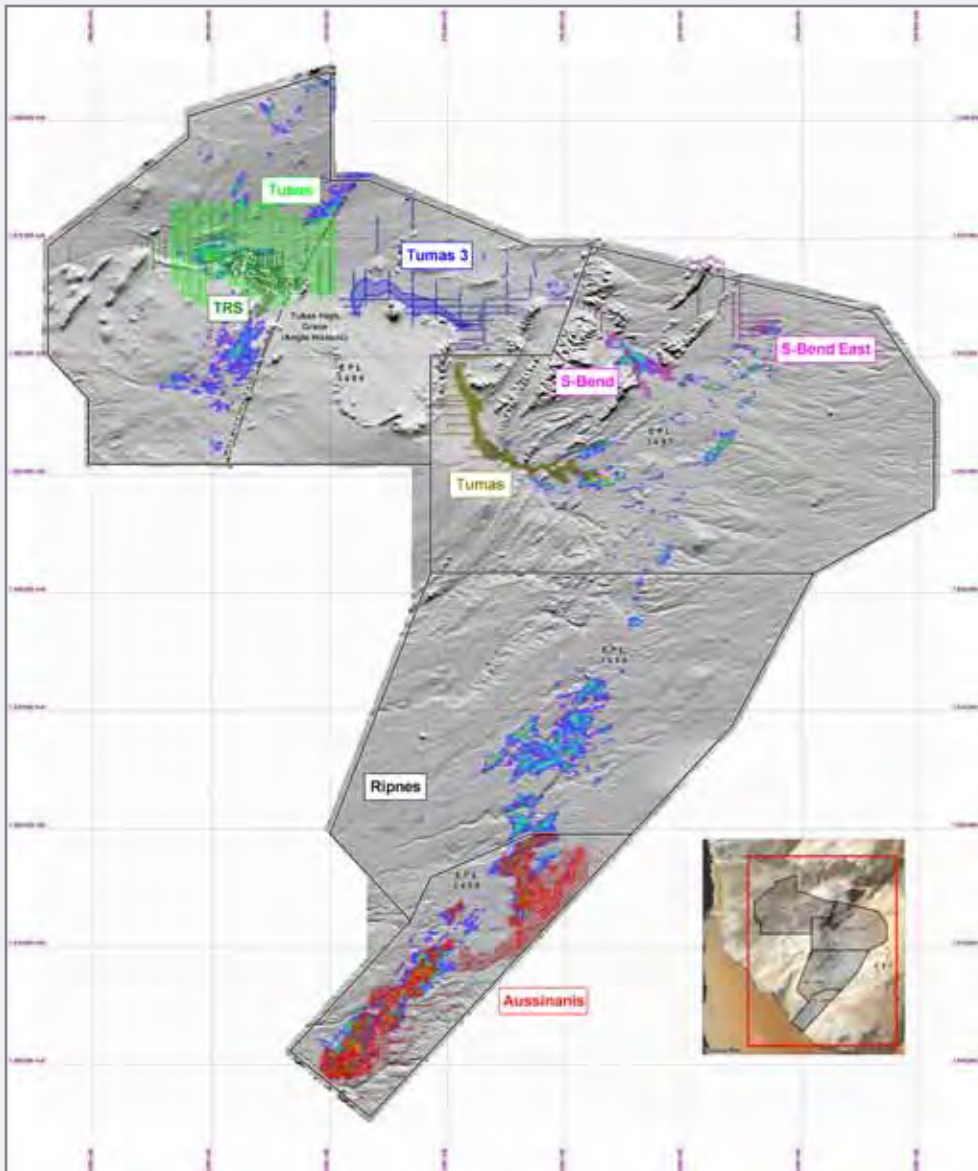


Figure 14: Digital Elevation Model overlain by U²/Th anomalies showing JORC Compliant palaeochannel resources at Tubas, TRS, Tumas and Aussinanis.



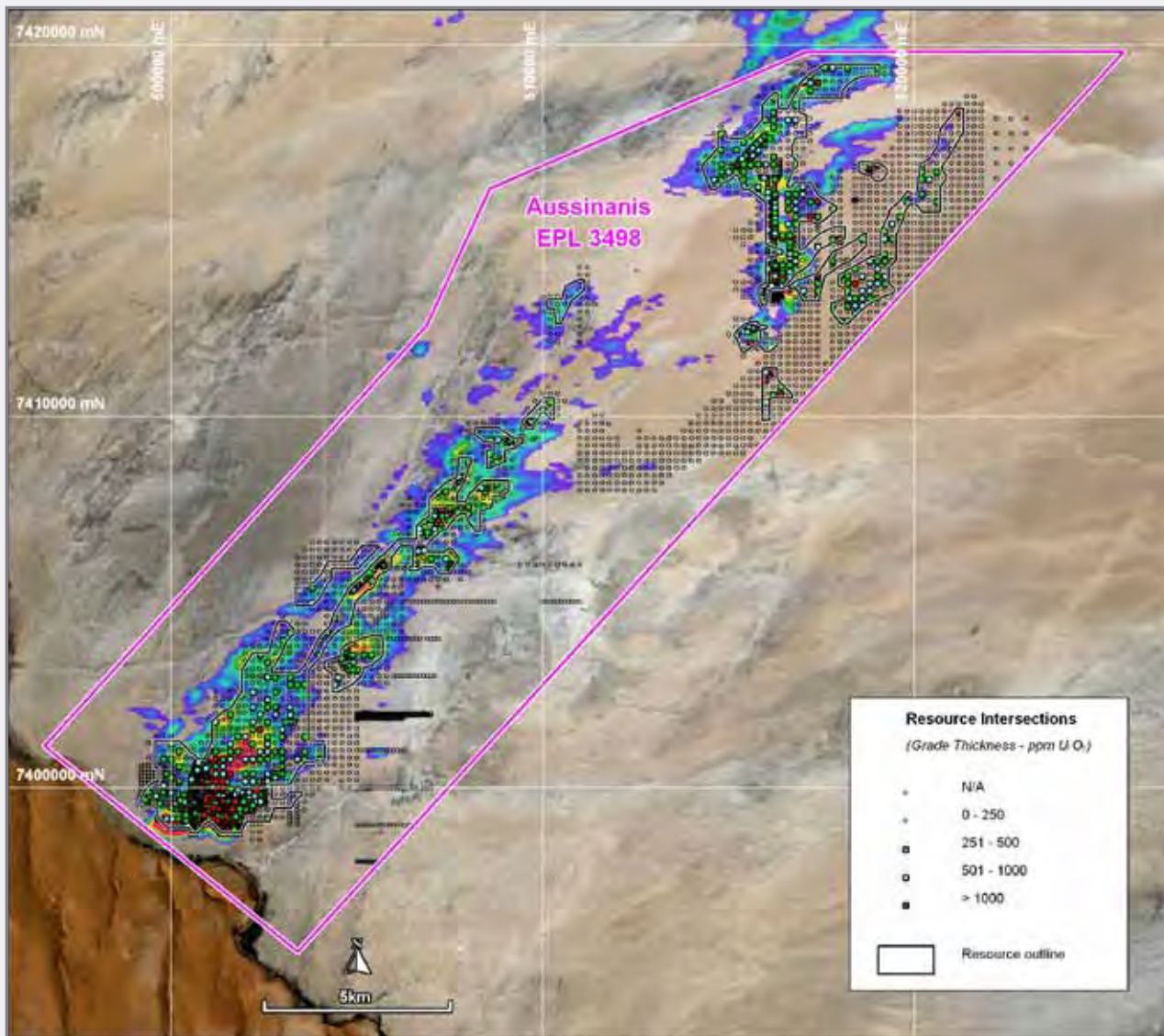


Figure 15: Aussinanis JORC Resource – Blocks Over U²/Th radiometric Image

AUSSINANIS DEPOSIT

The Aussinanis Deposit comprises a JORC Compliant Indicated and Inferred Mineral Resource estimate of 35 Mt at 237 ppm U₃O₈ for 8,203 tonnes (18.0 Mlb) U₃O₈ at cut-off grade of 150 ppm U₃O₈.

Mineralisation occurs as secondary carnotite enrichment of a variably calcretised palaeochannel and sheetwash sediments and adjacent weathered bedrock within a northeast trending zone approximately 29 kilometres in length (Figure 15). The mineralisation commonly outcrops but is generally overlain by an average thickness 1.7 metres of poorly mineralised material. The mineralised sand ranges in thickness from 1 to 19 metres and averages approximately 4.4 metres.

The deposit may be amenable to physical beneficiation by the same hydrocyclone system that was successfully tested on the TRS deposit.

TUMAS PALAEOCHANNEL

In October 2010, Hellman & Schofield Pty Ltd (H&S) provided the company with an updated JORC Compliant Indicated and Inferred Mineral Resource estimate for the Tumas Zone 1 and 2 totalling 14.8 Mt at 366 ppm U₃O₈ for 5,414 tonnes or 11.9 Mlbs U₃O₈ at a cut-off grade of 200 ppm U₃O₈.

Tumas mineralisation occurs as secondary carnotite enrichment of a variably calcretised palaeochannel and sheetwash sediments and adjacent weathered bedrock. The mineralisation domains used for the current study were interpreted to capture continuous zones of mineralisation above 50 ppm U₃O₈. The combined Tumas Zones 1 and 2 mineralisation included in current resource estimates has a combined strike length of approximately 16 kilometres with an average width of around 400 metres and extends to a maximum depth of 47 metres.

TUMAS 3 PALAEOCHANNEL

Tumas Zone 3 drill data was also evaluated by H&S but due to broadly and irregularly spaced lines of drillholes, the mineralisation in Zone 3 was determined to be too poorly defined for inclusion in our resource estimates. However when combined with geophysical survey results, the drill results provide an indication of the orientation and extent of the mineralised zone. Consequently a conceptual exploration target range has been estimated of 10 to 30 Mt at a grade of 300 to 400 ppm U₃O₈ at 200 ppm cut-off, although it is uncertain if future exploration will result in the determination of a Mineral Resource over the entire Tumas 3 channel.

TUBAS PALAEOCHANNEL

The Tubas palaeochannel resource was originally drilled out by Anglo America in the 1980's outlining a Non-JORC historic resource based on chemical assays. In 2007 DYL commenced RC drilling over selected areas within the Anglo American drill grid. DYL's

drilling duplicated early holes and allowed Geomine (Pty) Ltd (Namibia) to calculate a JORC Compliant Resource estimate for the Tubas block of 77.3 Mt at 228 ppm U₃O₈ for 17,620 tonnes (38.9 Mlbs) of U₃O₈ at 100 ppm U₃O₈ cut-off.

The TRS deposit occurs on the south boundary of the Anglo America resource block. DYL is currently evaluating the potential for additional higher grade red sand deposits east of TRS within the Tubas Resource area.

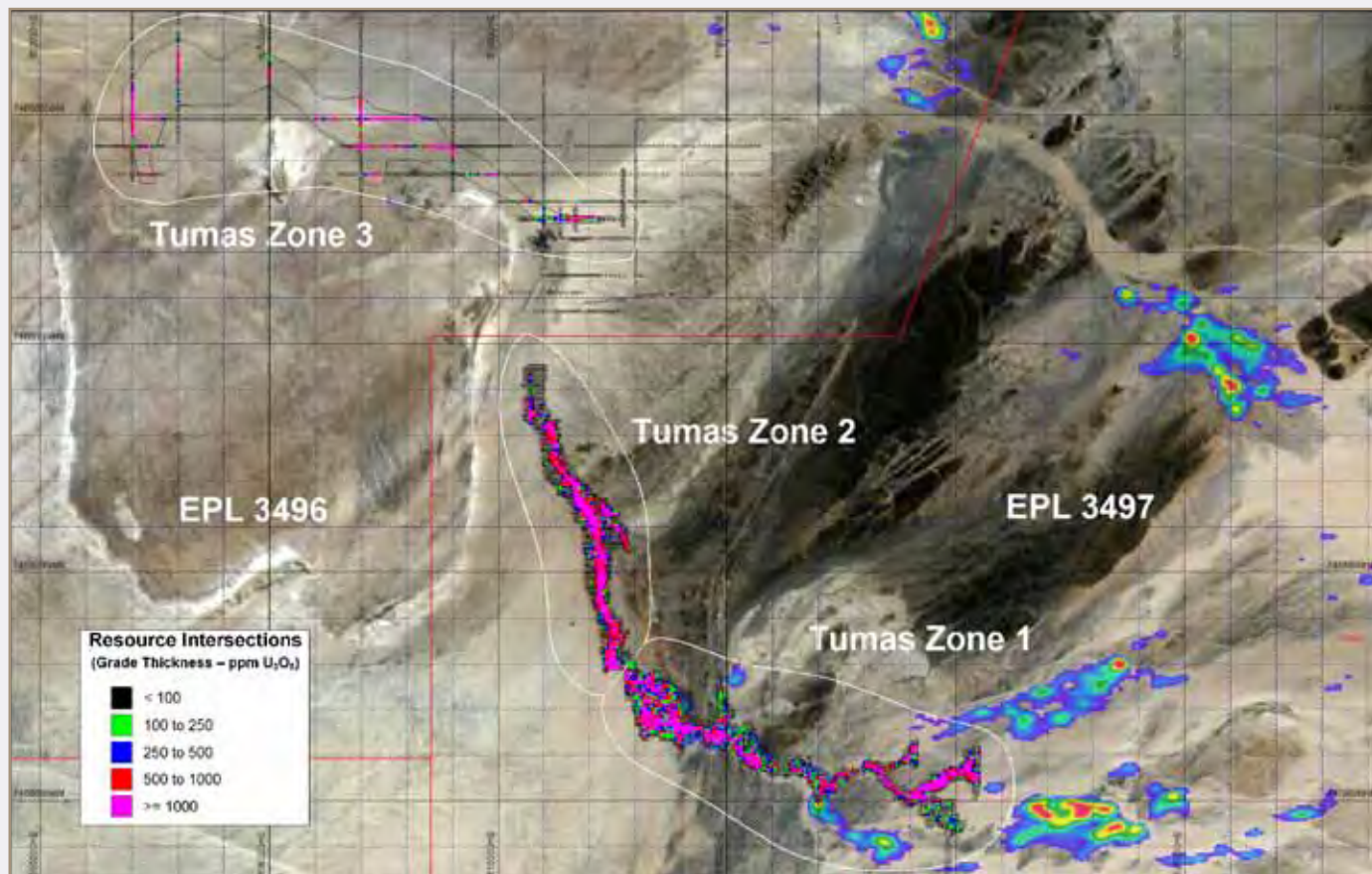


Figure 16: Tubas-Tumas Palaeochannel with Tumas Zones of mineralisation

NOVA ENERGY JOINT VENTURE

In May 2009 Toro Energy Ltd (Toro) and DYL announced that they had entered into a JV whereby DYL, through its wholly-owned subsidiary RUN, would be entitled to earn a 65% share in three EPLs held by Toro's Namibian subsidiary, Nova Energy (Namibia) (Pty) Ltd (Nova), by spending A\$3.5 million over 2½ years.

In April 2011 RUN completed its earn-in requirement and now holds 65% with Toro retaining 25% and a Namibian company, Sixzone Investments (Pty) Ltd, holding a 10% share. Earn-in programmes included acquisition of airborne geophysical data and an extensive RC drill programme on the Gawib EPL 3668, targeting deep palaeochannels west and south west of the

Langer Heinrich Mine. No significant uranium mineralisation was intersected.

RUN also completed approximately 10,000 metres of RC drilling designed to test the 'Alaskite style' uranium potential of EPL 3669 and EPL 3670.

The drilling within EPL 3669 evaluated the western strike extension of uranium mineralisation reported by Extract Resources at the Pizarro prospect, along with other targets related to low magnetic responses contained within a stratigraphic and structural corridor.

All holes were gamma logged and anomalous zones assayed. The drilling programme totalled of 59 holes for 9,569 metres.

- 41 RC holes were drilled for a total of 6,834 metres at the Natango Prospect (EPL 3669); and
- 18 RC holes were drilled for a total of 2,735 metres at the Chungochoab Prospect (EPL 3670).

Natango Prospect Drill Results: Overall the drilling was disappointing with only holes NTNR16 and NTNR37 returning uranium grades in the range of 150 to 400 ppm U₃O₈ typical of the Alaskites in the district.

Chungochoab Prospect Drill Results: Mineralised intercepts were made in holes CHBR8 and CHBR9 however XRF analysis confirmed that the radioactivity present was due to Thorium.

10 AUSTRALIA EXPLORATION

QUEENSLAND

OVERVIEW

DYL's activities in Queensland are focussed on the Mount Isa District where it has both 100% owned and joint venture tenements.

DYL's short to medium term strategic objective in the Mount Isa district is to outline mineralisation amenable to open pit mining and aggregating 5,000 to 8,000 tonne (11 Mlb to 18 Mlb) of U₃O₈ as satellites to a future central plant in the Mount Isa area.

The medium to long term target is to define 12,000 to 15,000 tonne U₃O₈ based on feeding a central processing plant from combined open pit and underground operations. In the past financial year:

- Diamond drilling at Isa West and the other prospects proved continuity of existing JORC Resources to depth.
- The Mount Isa JORC Compliant Resource increased by 1.4 Mlbs to 4.8 Mlbs U₃O₈ at grade of 460 ppm U₃O₈.

- DYL and Syndicated Metals Ltd (SMD) entered into a farm-in joint venture whereby SMD has the right to earn 80% equity in all non-uranium metals on four of DYL's Mount Isa tenements.
- Reinterpretation of aeromagnetic data from DYL's extensive geophysical database was undertaken with under cover and deep targets being developed for future drilling.

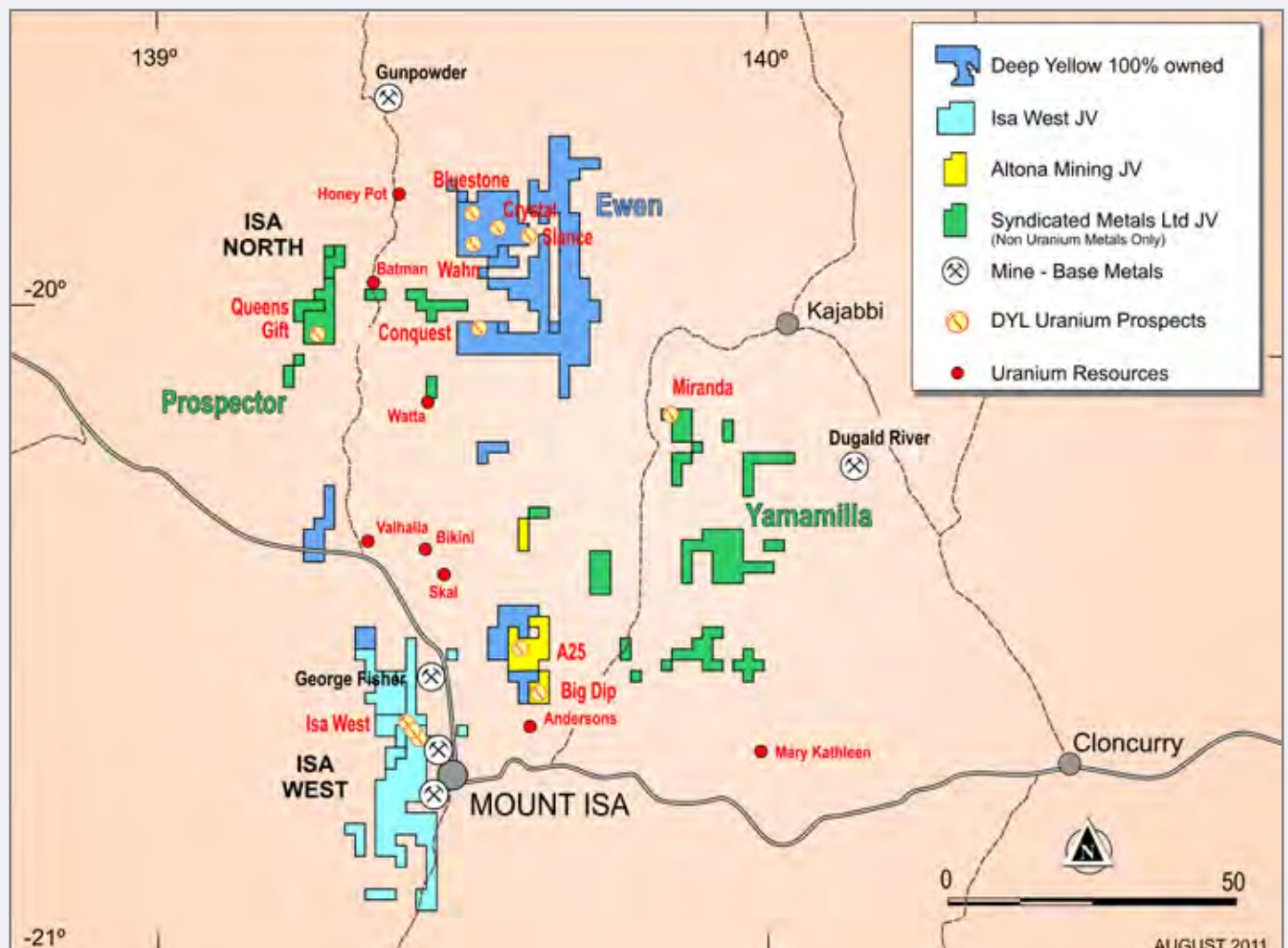


Figure 17: Mt Isa District Tenements

JORC COMPLIANT RESOURCES

Coffey Mining Pty Ltd provided a new, increased Indicated and Inferred JORC Compliant Mineral Resource estimate for the region of 4.7 million tonnes at 460 ppm for 4.8 Mlbs U₃O₈ at a 300 ppm cut-off.

The maiden JORC Compliant Resource for the Mount Isa District was made in January 2010 after which DYL developed and implemented a number of drilling programmes in the area aimed at delineating additional mineralisation. In 2010-2011 these programmes largely focused on deeper drilling to enhance the understanding of and confidence in these resources.

The results from the programmes indicated zones of higher grade mineralisation and extended all of the prospects to depth (400 metres) leading to an overall increase in the tonnage and average grade which have now been included in the updated Resource estimate. Drilling at all of the prospects also indicate that mineralisation remains open to depth providing further exploration upside potential.

JOINT VENTURES

Isa West

DYL can ultimately acquire 100% of the uranium rights over a project area immediately west of the Mount Isa mine in accordance with a joint venture agreement with Mount Isa Mines Ltd. Exploration programmes commenced in March 2008 with first maiden JORC Resources announced in January 2010. During the 2010-2011 year, exploration was focussed on testing the depth (400 metres) of the Bambino and Thanksgiving Prospects. The diamond drill programme successfully increased the tonnage and grade at the Isa West region by 0.7 Mlbs to 2.9 Mt at 440 ppm U₃O₈ for 1,280 tonnes (2.8 Mlbs) U₃O₈ at 300 ppm U₃O₈ cut-off.

Altona Mining Ltd (formerly Universal Resources Ltd)

DYL has earned an 80% interest in uranium and related minerals on Altona Mining Ltd's

EPM 14367 (Leichhardt JV). Exploration is ongoing on the property.

Pilgrim Joint Venture – EPM 15072 (Krucible 80% / DYL 20%)

The Pilgrim Prospect is located about 110 kilometres south-southeast of Mount Isa. Krucible Metals Ltd (Krucible) fulfilled its

earning commitment in the JV and have now earned 80% equity by expenditure of over \$400,000. The total expenditure by Krucible on Pilgrim EPM 15072 is currently \$1.13 million. Further drilling for Tick Hill style gold targets is planned by Krucible for 2011/2012.

Having acquired its 80% interest, Krucible can elect to buy-out DYL's remaining interest by issuing 1.2 million Krucible shares to DYL.

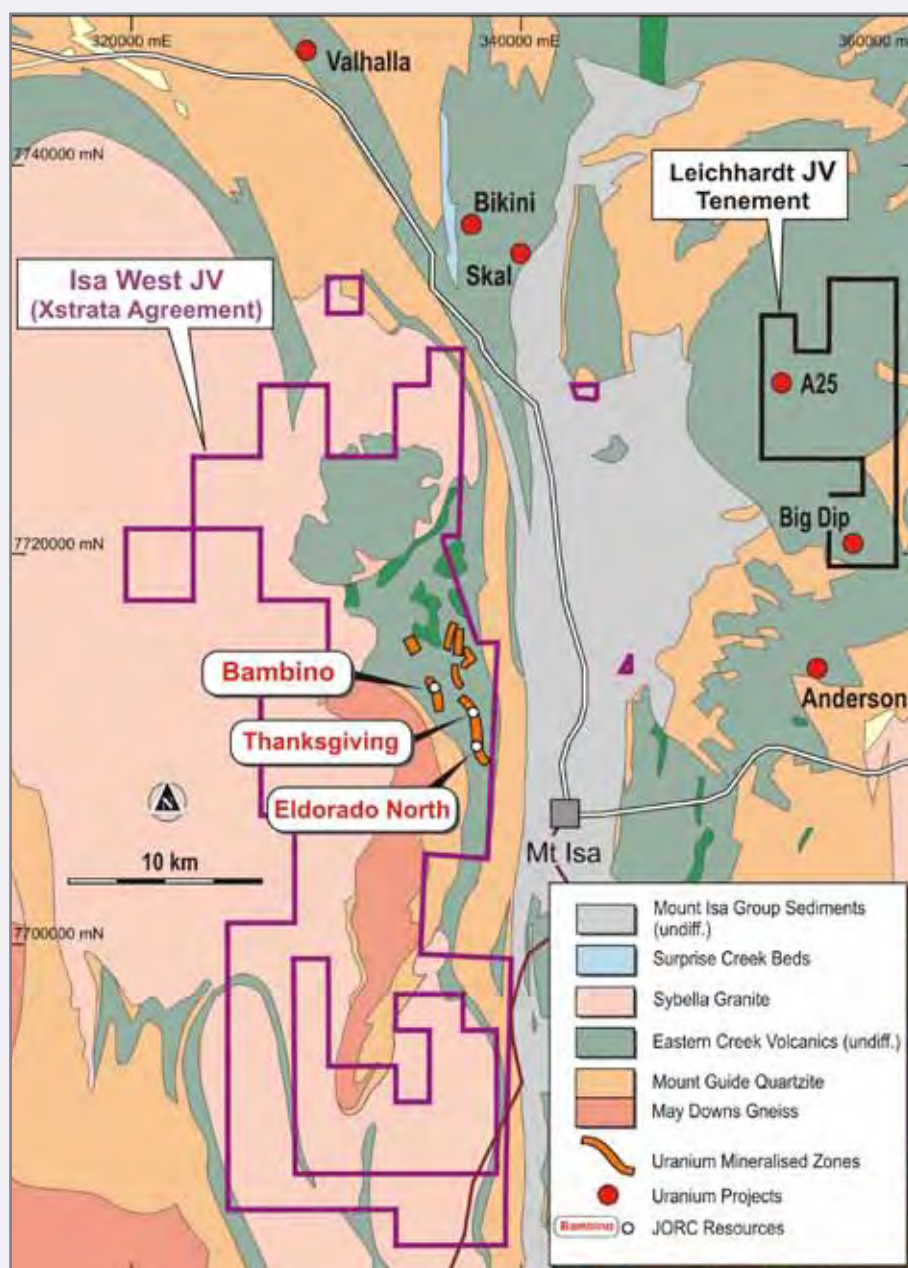


Figure 18: Isa West and Leichhardt JV Tenements

NORTHERN TERRITORY

OVERVIEW

DYL's exposure to the highly prospective Tanami - Arunta uranium province in the Northern Territory comprises:

- The Napperby calcrete-hosted uranium deposit with an Inferred JORC Compliant resource of 9.34 Mt at 359 ppm U₃O₈ for 3,351 tonnes (7.39 Mlbs) which is part of a larger mineralised system.
- Defined projects covering 6,911 km².
- 100% rights to uranium within ABM Resources NL's (ABM) tenements covering an additional 16,518 km².
- Ongoing CLC and Landowner negotiations for access to prospective areas.
- Significant upside potential to increase total uranium resources in conjunction with the Napperby uranium deposit.

- An operational base in Alice Springs.

The target within the majority of the tenement areas is near surface calcrete-hosted uranium mineralisation similar to the Napperby deposit. Within the ABM tenements, Proterozoic basement hosted uranium mineralisation is also being targeted.

NAPPERBY PROJECT

The Napperby Project includes a deposit originally discovered and explored by CRA Exploration and Uranerz in the late 1970's and early 1980's that defined a mineralised zone over some 20 kilometre in strike length (Figure 20). The extensive mineralised zone occurs within 3 metre to 8 metre from surface in semi-consolidated and unconsolidated sediments along a palaeochannel. The project is close to infrastructure, being 175

kilometres northwest of Alice Springs along the sealed section of the Tanami Highway, within 20 kilometres of the Alice Springs to Darwin gas pipeline and with access to the main north-south railway through Alice Springs.

The Napperby uranium deposit was vended into DYL by Paladin in 2004. Following the completion of a drill out of a 1 kilometre zone of the 14 kilometres strike of the deposit by DYL in 2006 (confirming both tonnage and grade estimates for the area drilled), the Project was optioned to Toro Energy Ltd (Toro). Toro had until May 2010 to complete a JORC resource drill out at which point they had an option to purchase the property from DYL. In May 2010, Toro indicated that it would not be exercising its option. As a result of this decision, the project is now a 100% owned project of DYL.

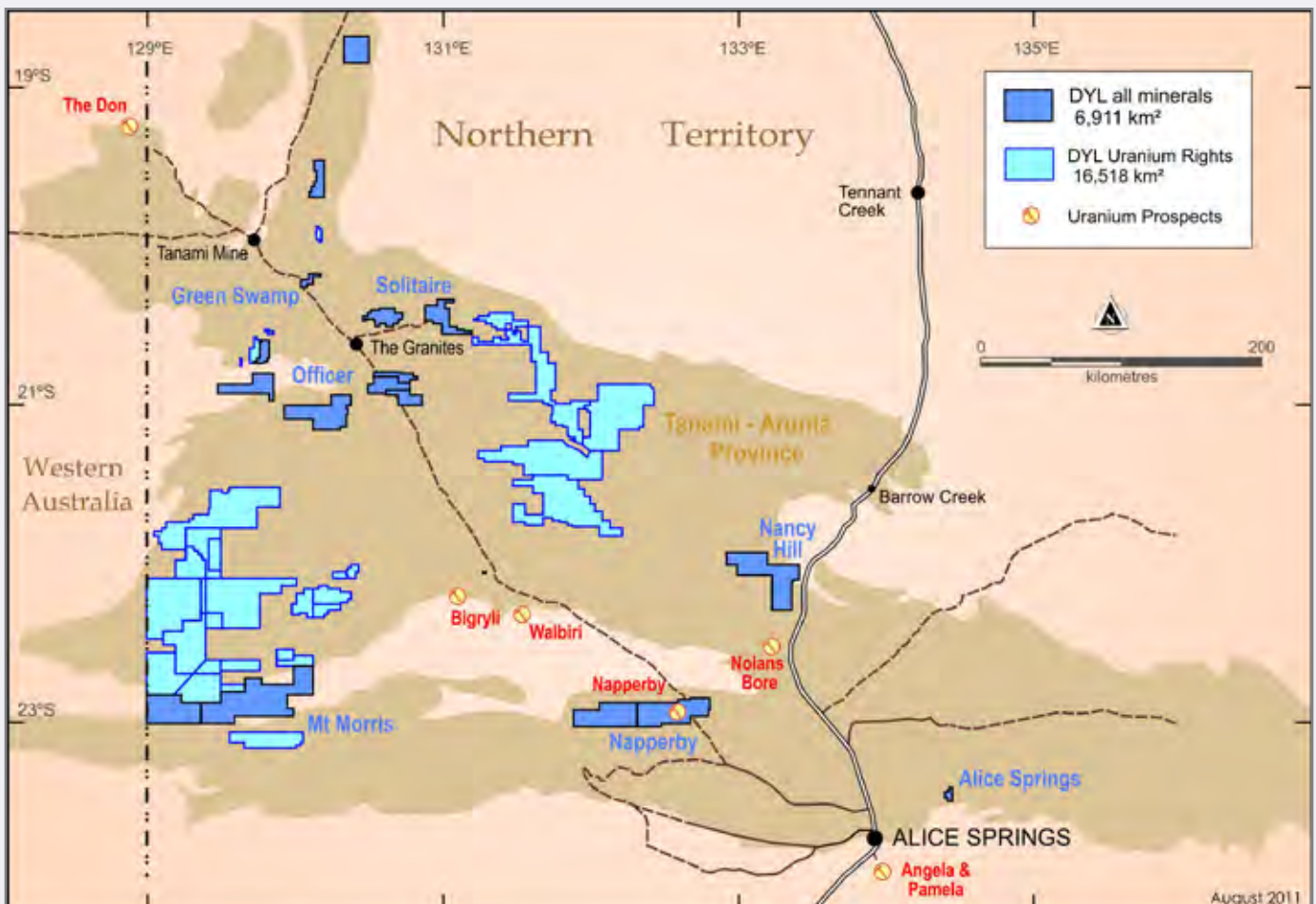


Figure 19: Northern Territory Tenements

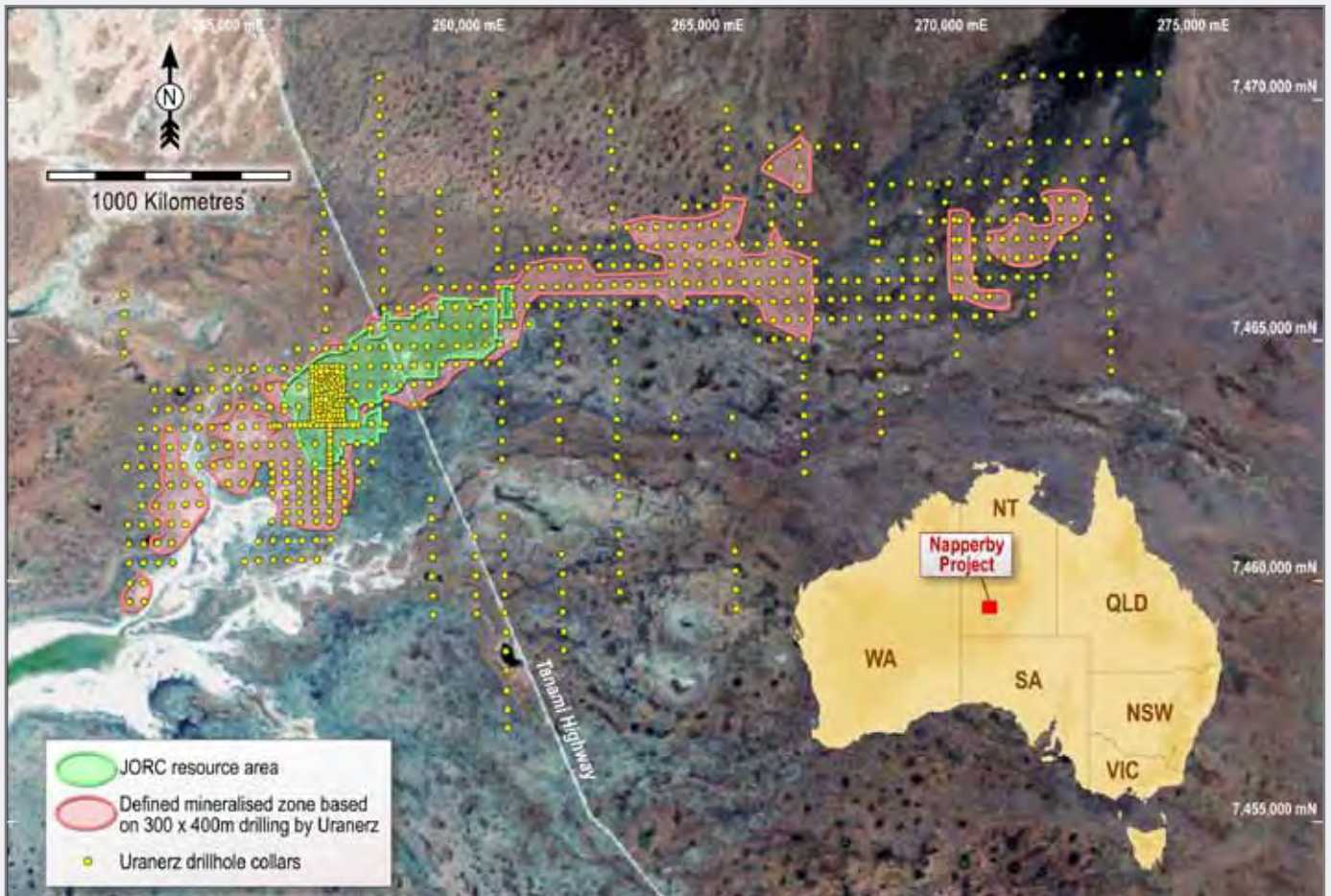


Figure 20: Extent of Historic Drilling by Uranerz (yellow dots with outline of historic resource (6,200 tonnes U₃O₈) in pink) and JORC drilling by Deep Yellow and Toro (green shaded area (3,351 tonnes U₃O₈))



Delineation work on the deposit resulted in an Inferred Resource under the JORC Code, totalling of 9.34 Mt at 359 ppm for 3,351 tonnes (7.39 Mlbs) U₃O₈ using a 200 ppm U₃O₈ cut-off grade. The resource drillout covered approximately half of the historic mineralised area and correlates well with the results of previous work carried out on this portion of the deposit. Additional drilling is required to complete the evaluation of the balance of the historic mineralised area to JORC standard.



11. COMPETENT PERSON 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 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 Mineral Resource estimation for the Ongolo and INCA deposits is based on work completed by Mr Neil Inwood and Mr Steve Le Brun who are both full-time employees of Coffey Mining Pty Ltd and Members of the Australasian Institute of Mining and Metallurgy. Messrs Inwood and Le Brun 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 Le Brun consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

The information in this report that relates to Mineral Resource estimation for Aussinanis and Tumas 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 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.

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 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 Mineral Resource estimation for the Napperby Project 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 U₃O₈ 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.

12. CORPORATE GOVERNANCE STATEMENT

GOVERNANCE FRAMEWORK

The Board of Deep Yellow Limited (DYL) has responsibility for corporate governance for the Company and its subsidiaries (the Group) and has implemented policies, procedures and systems of control with the intent of providing a strong framework and practical means for ensuring that governance outcomes are met along with the expectations of all stakeholders.

The framework for corporate governance follows the principles set out by the ASX Corporate Governance Council. The Directors have implemented policies and practices which they believe will focus their attention and that of their Executives on accountability, risk management and ethical conduct.

This Statement sets out corporate governance practices adopted by the Board and which are in place as at the date of this report. Where the Board considers the Group is not of sufficient size or complexity to warrant adoption of all the recommendations set out in the ASX Corporate Governance Council's published guidelines, these instances have been highlighted.

The Board will continue to review its policies to ensure they reflect any changes within the Group, or to accepted principals and good practice.

SHAREHOLDER COMMUNICATION

The Board is committed to ensuring that there is open and timely communication with shareholders.

Communications Policy

The Board supports practices that provide effective and clear communications with security holders and allow security holder participation at general meetings. A formal **Shareholder Communications Policy** has been adopted, complying with Recommendation 6.1 of the Corporate Governance Council.

In addition to electronic communication via the ASX website, all ASX announcements together with all quarterly reports are published. These documents are available on request and are posted on the Company website at www.deeptyellow.com.au. In addition, 'user friendly' interactive Annual Reports are available on the website.

The website provides shareholders and others the opportunity to receive additional information such as press releases and other materials electronically.

Shareholders are able to pose questions on the audit process directly to the independent auditor who attends the Annual General Meeting for that purpose.

Continuous Disclosure Policies

The Board is committed to the promotion of investor confidence by providing full and timely information to all security holders and market participants about the Group's activities and to comply with the continuous disclosure requirements contained in the Corporations Act 2001 and the Australian Securities Exchange Listing Rules. The Board has adopted a **Continuous Disclosure Policy**, complying with Recommendation 5.1 of the Corporate Governance Council and with the ASX Listing Rule Requirements.

Continuous disclosure is discussed at all regular board meetings and on an ongoing basis the Board ensures that all activities are reviewed to assess the need for disclosure to the market.

In accordance with ASX Listing Rules, the Company Secretary has been appointed as the Group's disclosure officer.

Directors' Disclosure Obligations

The Board is committed to complying with ASX Listing Rules and best practices particularly with respect to the level and nature of information provided by Directors.

The Directors' Disclosure Policy requires each of the Directors to provide continuous and timely disclosure of all dealings in Company securities in which the Director has a relevant interest.

BOARD OF DIRECTORS

Role of the Board of Directors

The Board guides and monitors the business and management of the Group on behalf of shareholders by whom they are elected and to whom they are accountable.

In order to fulfil this role, the Board is responsible for the overall corporate governance of the Group including formulating its strategic direction, setting remuneration and monitoring the performance of Directors and Executives. The Board relies on Executives to assist it in approving and monitoring expenditure, ensuring the integrity of internal controls and management information systems and monitoring financial and other reporting.

The Board has adopted a **Board Charter**, complying with Recommendation 1.1 of the Corporate Governance Council, which clarifies the respective roles of the Board and Executives and assists in decision making processes.

Board processes

The Board agrees in advance a schedule of regular meetings for each calendar year, together with such other meetings as may be necessary. For the 2011 financial year, there were eight scheduled Board meetings and twelve in total.

A standardised agenda for the meetings has been adopted to ensure certain information is addressed consistently and other items which are relevant to reporting deadlines and or regular review are scheduled when and as appropriate. The agenda is reviewed and approved by the Chairman with the involvement of the Managing Director.

Evaluation of Senior Executive Performance

The Executive Directors have undertaken a review of the performance of the Group's executives during the year, complying with Recommendation 1.2 of the Corporate Governance Council.

Board Composition

The Constitution of the Company requires a minimum number of three Directors. There is no requirement for any shareholding qualification.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board includes the quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the scope of activities of the Group, intellectual ability to contribute to Board duties and responsibilities and consideration of the objectives of the recently adopted Diversity Policy. In complying with Principle 2 of the Corporate Governance Council, the Board is mindful to ensure that it is comprised of individuals with skills to provide appropriate stewardship to the Group as it moves from an advanced stage explorer to a developer. The background of each Director is set out on pages 32 to 33 of the Directors Report.

The Board is presently comprised of five members, three Non-executive and two Executive:

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

Independence of Directors

In considering whether or not a Director is independent, the Board has regard to the independence criteria set out in the ASX Corporate Governance Council's Principles and Recommendations.

Directors are expected to bring independent views and judgement to the Board's deliberations. Only one of the five Directors is considered by the Board to be independent, and as such the Company does not comply with Recommendation 2.1 of the Corporate Governance Council, which recommends that a majority of Board members should be independent. However, the Board considers that both its structure and composition are appropriate given the size of the Group and that the interests of shareholders are well met.

The Chairman is not considered to be independent as he holds a significant interest in the Company's securities, and therefore the Group has not complied with Recommendation 2.2 of the Corporate Governance Council. However, the Board considers the Chairman to be an appropriate person for the role due to his commercial experience. It also believes that the interests of the Group and its shareholders are being met by the current Chairman.

Roles of Chairman and Chief Executive Officer

The roles of Chairman and Chief Executive Officer are exercised by separate individuals, and accordingly the Group complies with Recommendation 2.3 of the Corporate Governance Council.

Nomination Committee

The full Board carries out the functions of a Nomination Committee in respect of the selection and appointment process for Directors. While this does not comply with Recommendation 2.4 of the Corporate Governance Council which recommends having a separate Nomination Committee, the Board considers that given the size and maturity of the Group and the importance of Board composition it is appropriate that all members of the Board participate in such decision making.

In carrying out this role, the Board is cognisant of the requirement to ensure that Board composition is appropriate for the Group's stage of development. The Board has, in the past financial year, undertaken a review of its composition to ensure there is an appropriate mix of skills, experience, expertise and diversity on the Board. It is in the process of finalising that review.

Retirement, re-election and appointment of new Directors

The constitution of the Company notes that Directors cannot hold office for a period longer than three years without submitting themselves for re-election at the next AGM, one third of the Directors (other than the Managing Director) must retire by rotation at each AGM together with any new Directors appointed by the Board during the period since the last general meeting. Retiring Directors are eligible to stand for re-election.

If the Board decides to appoint a new member either to compliment the existing members or fill a vacancy, it goes through the process of identifying a wide base of potential candidates and engages external consultants to assist if required. During the financial year the Board sought to fill a senior executive role within the Group and in addition, make the appointment of a new Managing Director. The process undertaken involved the engagement of a global independent third party recruitment firm experienced in dealing in selection at the CEO level. After a rigorous process involving Director interviews and discussions; site visits; and discussions with senior management, an offer was made to Mr Greg Cochran to take on the role as Chief Executive Officer. In addition, Mr Cochran was invited to join the Board as Managing Director.

Evaluation of Board Performance

The Group has a formal process for the evaluation of the effectiveness, processes and structure of the Board, and as such complies with Recommendation 2.5 of the Corporate Governance Council.

The Board undertakes an annual formal review of its performance.

The process includes the completion of individual questionnaires focused on Board process, effectiveness and structure as well as the effectiveness and contribution made by each Director. The responses are collated and discussed with a view to considering recommendations for improvement and / or appropriate changes.

Education

All Executives and Directors are encouraged to attend professional education courses relevant to their roles.

Independent professional advice and access to information

Each Director has the right to access all relevant information in respect to the Group and to make appropriate enquiries of Executives.

Structure of Non-executive and Executive Directors Remuneration

The objective of Group remuneration policies, processes and practices is to:

- attract and retain appropriately qualified and experienced Directors who will add value;
- result in competitive remuneration benchmarked against peer groups; and
- adopt reward programmes which are fair and responsible, in accordance with the principles of good corporate governance and which align Director entitlements with shareholder objectives.

The Remuneration Committee makes recommendations to the Board on the basis of individual performance, trends in comparative companies and the need for a balance between fixed remuneration and non-cash incentive remuneration.

Remuneration packages for Executive Directors comprise fixed remuneration and may include short term incentives in the form of cash bonuses or long term incentives in the form of share rights as per individual contractual agreements. Remuneration packages are reviewed by the Remuneration Committee. The process consists of a review of Group, individual performance and relevant comparative remuneration externally and internally.

Non-executive Director remuneration is a fixed annual amount of Director fees, the total of which is within the amount approved by shareholders. Performance based cash bonuses or equity based remuneration is not considered appropriate for Non-executive Directors and accordingly does not form part of their remuneration.

In distinguishing between the remuneration practices for its Non-executive Directors and the remuneration practices applicable to Executive Directors, the Company complies with Recommendation 8.3 of the Corporate Governance Council. A full outline of the remuneration policy is set out in the Remuneration Report of the Group's Annual Report.

BOARD COMMITTEES

The Board has established several Committees with separate charters which it relies on to assist with the proper discharge of its duties. The Chairman of the Board has included the Committees in his evaluation of Board performance through the circulation and completion of specific questionnaires seeking comment on the effectiveness and structure of the Committees.

Audit Committee

The Audit Committee is comprised of three Non-executive Directors and complies with Recommendation 4.1 of the Corporate Governance Council.

The Audit Committee consists of Non-executive Directors and is chaired by an Independent Director who is not the Chairman of the Board. However, as a result of changes to the composition of the Board during the financial year, the composition of the Audit Committee also changed. The majority of members of the Audit Committee are not independent and the Group therefore does not comply with Recommendation 4.2 of the Corporate Governance Council.

The members of the Audit Committee are Rudolf Brunovs (Chairman), Mervyn Greene and Gillian Swaby. The relevant qualifications and details of attendance at Audit Committee meetings are set out in the Directors' Report. This complies with Recommendation 4.4 of the Corporate Governance Council.

The Audit Committee operates under an Audit Committee Charter which complies with Recommendation 4.3 of the Corporate Governance Council. The responsibilities of the Audit Committee include the appointment, compensation and oversight of the independent auditor and the review of the published financial reports.

Remuneration Committee

The Remuneration Committee has been established to assist the Board by making recommendations on remuneration packages for Executive and Non-executive Directors, and where appropriate, senior managers. In addition, the Remuneration Committee reviews proposed long and short term incentive plans including the appropriate use of performance based hurdles.

The Remuneration Committee consists of all three Non-Executive Directors being Rudolf Brunovs (Chairman), Gillian Swaby and Mervyn Greene. The Remuneration Committee is chaired by an Independent Director, however it does not have a majority of Independent Directors and accordingly does not comply with Recommendation 8.2 of the Corporate Governance Council.

The Remuneration Committee operates under a Remuneration Committee Charter which complies with Recommendation 8.1 of the Corporate Governance Council. The Charter clearly sets out the role and responsibilities of the Remuneration Committee and the charter terms provide the Remuneration Committee with the ability to access internal and external resources as appropriate.

ETHICAL STANDARDS

The Board actively promotes ethical and responsible decision making aiming to maintain the highest standard of ethical behaviour in business and in all its dealings with customers, clients, shareholders, governments, suppliers, employees and the community. As a minimum the Board and employees will:

- act within applicable laws;
- act with courtesy;
- act with fairness and respect;
- encourage co-operation and rational debate with a view to achieving shared goals; and
- foster an environment which encourages diversity in all its forms across the Group.

Codes of Conduct

To assist with these aims the Board has adopted a Code of Conduct that applies to Directors and key Executives of the Group and complies with Recommendation 3.1 of the Corporate Governance Council. This Code sets expectations for conduct in accordance with legal requirements and agreed ethical standards.

In addition, the Board has adopted an Ethics and Conduct Policy which applies to all employees, consultants and Directors.

The Ethics and Conduct Policy addresses the following:

- Responsibility to shareholders and the financial community
- Responsibility to third parties
- Employment practices
- Environment
- Community activities
- Privacy
- Confidential information
- Conflicts of interest

In addition to the legal requirements and accepted practices which are addressed in each of the policies adopted by the Company and across the Group, the Board is mindful of its broader stakeholders including the community at large in all the geographical regions in which it operates.

Diversity Policy

The Board has implemented a Diversity Policy in line with Corporate Governance guidelines. The Group believes that the promotion of diversity on its Boards, in senior management and within the organisation generally is good practice and adds to the strength of the Group.

The Diversity Policy affirms existing employment arrangements which seek to attract and retain people by promoting an environment where employees are treated with fairness and respect and have equal access to opportunities as they arise. Diversity within the workforce includes such factors as religion, race, ethnicity, language, gender, disability and age.

Gender Diversity

The Corporate Governance recommendation 3.2 is effective from 1 July 2011 and requires the Board to set 'measurable objectives' for achieving gender diversity and to report against them on an annual basis. The Board is currently reviewing its practices with a focus on ensuring the selection process at all levels within the organisation is formal and transparent and that the workplace environment is open, fair and tolerant. Measures to assess the success of the policy will be put in place during the coming financial year.

The following table is a summary of the workforce within DYL and across the Group and provides a high level snap shot of the level of gender diversity as at 30 June 2011.

Workforce Summary

	Male	Female	Total	Proportion female
DYL Board	4	1	5	20%
Senior Management	4	1	5	20%
Balance of Employees	41	16	57	28%
	49	18	67	27%
Australia	9	6	15	40%
Namibia	40	12	52	23%
	49	18	67	27%

At 30 June 2011, DYL had a diverse workforce with operations in Australia and Africa, the majority (52 persons) are based in Namibia and are all Namibian nationals.

FINANCIAL REPORTING

Financial Reporting

The Board relies on Executives to monitor the internal controls. Financial performance is monitored on a regular basis by the Managing Director who reports to the Board at the scheduled Board Meetings.

Chief Executive Officer and Financial Controller Confirmations

In accordance with Recommendation 7.3 of the Corporate Governance Council, Australian Accounting Standards and the Corporations Act the Board requires that the Managing Director and Financial Controller provide a written statement in respect to the annual financial statements of the Group. In addition, the Board requires assurance from the Managing Director and Financial Controller that the declaration is founded upon a sound system of risk management and internal controls, and that the system operates effectively in all material aspects.

SECURITIES DEALINGS

There is no requirement for Directors to hold Company securities. In addition the Board and Remuneration Committee have formed the view that it is not appropriate for Non-executive Directors to be issued options or performance rights in respect of the Company's securities.

Securities Trading Policy

The Board is committed to ensuring that all Directors and employees comply with their legal obligations as well as conducting their business in a transparent and ethical manner. All Directors and employees (including their immediate family or any entity for which they control investment decisions), must ensure that any trading in securities issued by the Company is undertaken within the framework set out in the Securities Trading Policy.

The Securities Trading Policy does not prevent Directors or employees (including their immediate family or any entity for which they control investment decisions) from participating in any share plan or share offers established or made by the Company. However, Directors or employees are prevented from trading in the securities once acquired if the individual is in possession of price sensitive information not generally available to all security holders.

In keeping with recent listing rule amendments, additional restrictions are placed on trading by Directors, Executives and other key management personnel as determined by the Chairman and Company Secretary from time to time ('Restricted Employees').

In addition to the overriding prohibition against dealing in the Company's securities when a person is in possession of inside information, Restricted Employees and their associated parties are at all times prohibited from dealing in the Company's securities during prescribed 'closed' periods. The Company has nominated closed periods to run from the end of the financial quarter up to the day after the release date of the quarterly report. Restricted Employees must also obtain written consent from the Chairman or Managing Director prior to trading in the Company's securities.

The Securities Trading Policy also includes a clause prohibiting Directors and Executives from entering into transactions in associated products which operate to limit the economic risk of security holdings in the Company over unvested entitlements.

RISK MANAGEMENT

Adoption of Risk Management Policies

The Board has implemented a Risk Management Policy including a number of specific policies to oversee and manage potential and actual material business risks, complying with Recommendation 7.1 of the Corporate Governance Council. The Board is responsible for supervising management's framework of control and accountability systems to enable risk to be assessed and managed. The Board has delegated day-to-day management of risk to the Managing Director.

Risk Management and Internal Control System

The Managing Director, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the Board on risk management.

In order to implement the Risk Management Policy, it was considered important to establish a Risk Management Strategy and an internal control regime in order to:

- Assist the Group to achieve its strategic objectives;
- Safeguard the assets and interests of the Group and its stakeholders; and
- Ensure the accuracy and integrity of external reporting.

Risk Management Strategy

The Risk Management Strategy is designed to identify and assess possible sources of harm and to take steps to decrease or prevent that harm from occurring.

The Risk Management Strategy incorporates procedures and processes which provide evidence of a commitment to the management of risk by avoiding, sharing, transferring, reducing (mitigation) or accepting/retaining the risk.

To manage and assess risk, the Group has adopted and 'tailored to fit' a Risk Management Plan and a Risk Management Framework as outlined in the Australia/New Zealand Standard AS/NZS 4360:2004.

Key risk traits are identified and managed using the following tools:

- Business Risk Management

The Group manages its activities through financial budgets and operational and strategic plans.

- Internal Controls

The Board has documented internal control processes appropriate for the Group's size and stage of development. It requires Executives to ensure the proper functioning of internal controls.

- Financial Reporting

Directors approve an annual financial budget and regularly review performance against budget.

- Operational Review

Executive Directors regularly visit exploration project areas to review the geological practices including the environmental and safety aspects of the operations.

- Environment and Safety

The Board has adopted an Occupational Health and Safety Policy, Environmental Policy and Ethics and Conduct Policy, through which all employees and contractors are inducted.

The Group is committed to ensuring that sound environmental management and safety practices are carried out in its exploration activities. Significant resources have been focussed on establishing and maintaining a culture of best practice through the implementation of an Occupational Health and Safety Plan and an Environmental Management Plan. As a uranium explorer, additional responsibilities require the implementation of a Radiation Management Plan as part of the management of Occupational Health and Safety policies. The Group uses external consultants to review its activities and to assist in maintaining a best practice approach to the issues surrounding Radiation Management.

In accordance with Recommendation 7.2 of the Corporate Governance Council, the Risk Management Policy requires that senior management report to the Managing Director as to the effectiveness of the risk management and internal control systems and that regular reports thereon be provided to the Board.

Continuous Improvement

The Risk Management Plan continues to evolve and will develop with the growth of the Group's activities in the following risk areas:

- Financial
- Corporate
- Legal
- Management
- Human Resources
- Political
- Environmental/Social

13. DIRECTORS' REPORT

The Directors present their report on Deep Yellow Limited (Company) and the entities it controlled at the end of, and during the year ended 30 June 2011 (the Group).

Directors

The names and details of the Directors of Deep Yellow Limited during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Mervyn Greene MA (Maths) BAI (Engineering) MBA Chairman

Mr Greene is an investment banker and entrepreneur who has worked in the US, Europe and Africa for more than 25 years. Between 1997 and 2005 Mr Greene was the London based partner of Irwin Jacobs Greene (IJG), one of Namibia's premier stockbroking, private equity and corporate finance advisory firms. In the early stages of his career, before doing an MBA in the London Business School in 1992, Mr Greene worked for Morgan Stanley in New York and London. His focus more recently has been at the helm of a number of businesses by way of Private Equity Investment. Mr Greene became a visiting Lecturer at the University College Cork school of Engineering focusing on Engineering and Business.

Mr Greene serves on the Audit and Remuneration Committees of the Group.

Greg Cochran MSc Eng (Mining and Mineral Economics), MBA, FAusIMM, MAICD, MSAIMM Managing Director (appointed as Group Managing Director 24 January 2011)

Mr Cochran has over 25 years' experience in international mining in commodities including gold, coal, base metals and uranium. He has held senior positions in various functions including projects, operations, finance and business development. Most recently he was CEO of Terramin Australia Limited and prior to that he was Executive Vice President: Australia & Asia for TSX listed Uranium One. Mr Cochran also worked for Mitsubishi Development whilst the earlier part of his career was spent with BHP Billiton and its predecessor companies in the BHP Billiton group.

Mr Cochran is a professional engineer and holds a MSc. in Mining Engineering and Mineral Economics from the University of the Witwatersrand in Johannesburg and an MBA from Cranfield University in the UK. He also holds South African mine manager's certificates of competency for metalliferous and coal mines. He is a Graduate Member of the Australian Institute of Company Directors and a Fellow of the Australian Institute of Mining and Metallurgy.

During the past three years Mr Cochran has also served as a Director of the following listed company:

Terramin Australia Resources Limited – appointed 18 December 2009; resigned 9 August 2010

Martin Kavanagh BSc (Hons) FAusIMM MAIG Executive Director

Mr Kavanagh is a geologist with more than 40 years experience acquired through extensive fieldwork, research and management of Australia-wide and offshore programmes. Mr Kavanagh holds a BSc Honours Geology degree from the London University in the UK. He has held several senior positions and worked widely within the exploration and mining industry throughout Australia and offshore in Indonesia, New Zealand, North America, the Southwest Pacific region and southern Africa. The earlier part of his career was spent in nickel exploration and mining. He was Exploration Director for Tanami Gold NL and General Manager Exploration for Dominion Mining Ltd.

Mr Kavanagh has more than 15 years' corporate experience as a Director of public companies. As Executive Director of Deep Yellow Limited his principal role has been to head up Australian operations and to provide technical support for the Namibian operations as required.

Gillian Swaby BBus FCIS FAICD Non-executive Director

Ms Swaby has been involved in financial and corporate administration, as both Director and Company Secretary covering a broad range of industry sectors, for more than 25 years. Ms Swaby has extensive experience in the area of secretarial practice, corporate governance, management accounting and corporate and financial management. Ms Swaby is the principal of a corporate consulting company and past Chair of the Western Australian Council of Chartered Secretaries of Australia and a former Director on their National Board. She is currently the Company Secretary of Paladin Energy Limited and was a Director of that company for almost 10 years.

Ms Swaby serves on the Audit and Remuneration Committees of the Group. During the past three years Ms Swaby has also served as a Director of the following listed company:

Comet Ridge Limited - appointed 9 January 2004.

Rudolf Brunovs FCA FCPA FAICD MBA Non-executive Director

Mr Brunovs is a former Partner of Ernst & Young, an international accounting firm. He practiced in a number of offices in Australia and overseas and for a period of 12 years he held the position of Managing Partner of the Parramatta NSW and subsequently the Perth office of the firm. He was a member of the Minerals and Energy Industry Group with Ernst & Young. He had no involvement with the audit of Deep Yellow Limited whilst a partner of the firm.

Mr Brunovs is Chairman of the Audit and Remuneration Committees of the Group.

Tony McDonald LLB MAICD
Non-executive Director (resigned 31 December 2010)

Mr McDonald is a lawyer involved in the natural resources sector and has been in private practice in Queensland since 1983. He has been a legal advisor to a number of listed and unlisted companies and has been a Director and Corporate Secretary of other ASX listed companies in the past.

Mr McDonald was Chairman of the Remuneration Committee up to the date of his resignation and was a member of the Group's Audit Committee. During the past three years Mr McDonald has also served as a Director of the following listed companies:

Planet Gas Limited – appointed 19 November 2003
Industrea Limited – appointed 14 November 2007
Cerro Resources NL – appointed 22 October 2010

Patrick Mutz - BSc/BM (Hons), MBA/GM, FAusIMM, MSME, REM(USA), MAICD
Managing Director (resigned 12 January 2011)

Mr Mutz has more than 30 years of experience within the international uranium mining industry across board, executive, managerial and technical roles in the United States, Germany and Australia. He is a Registered Environmental Manager (REM) through the National Registry of Environmental Professionals (NREP) in the USA and holds a Masters of Business Administration in Global Business Management (MBA/GM) and a Bachelor of Science in Business Management (BSc/BM) with honours from the University of Phoenix. He is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM), a 25+ year member of the Society for Mining, Metallurgy and Exploration (SME) and a member of the Australian Institute of Company Directors (AICD).

During the past three years Mr Mutz has also served as a Director of the following listed companies:

Alliance Resources Limited – appointed 11 August 2008; resigned 31 August 2010
Uranium Exploration Australia Limited – resigned 30 November 2008

Directors' Interests

As at the date of this report, the Directors' interests in securities of the Company are as follows:

Director	Ordinary Shares	Share Rights
Mervyn Greene	51,491,667	-
Greg Cochran (i)	100,000	1,500,000
Martin Kavanagh	487,500	1,150,000
Gillian Swaby	50,000,000	-
Rudolf Brunovs	125,000	-
Tony McDonald (ii)	901,667	-

- (i) Appointed 24 January 2011
(ii) Resigned 31 December 2010

Company Secretary

Mark Pitts BBus FCA

Mr Pitts is a Chartered Accountant with more than 25 years experience in statutory reporting and business administration. He has been directly involved with, and consulted to a number of public companies holding senior financial management positions. He is a Partner in the corporate advisory firm Endeavour Corporate providing company secretarial support; corporate and compliance advice to a number of ASX listed public companies.

Dividends

No dividend has been paid since the end of the previous financial year and no dividend is recommended for the current year.

Review of Operations

A detailed review of the Group's operations in each of the key regions is set out in the 'Review of Operations' on pages 6 to 25 in this Annual Report.

Significant Changes in the State of Affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

- On 29 May 2009 the Company announced that through its wholly owned Namibian subsidiary Reptile Mineral Resources and Exploration (Pty) Ltd it had entered into a joint venture agreement with Toro Energy Ltd. The Group could earn a 65% interest in three EPL's held by Toro Energy Ltd's Namibian subsidiary Nova Energy (Namibia) (Pty) Ltd. The Group completed their earn-in commitment of A\$3,500,000 exploration expenditure in early 2011 and now holds 65% of the equity of Nova Energy (Namibia) (Pty) Ltd.

Principal Activities

The principal activities of the Group during the financial year consisted of uranium mineral exploration and pre-development activities in Namibia and various States and Territories of Australia.

There were no significant changes in these activities during the financial year.

Operating results for the year

The Group's net loss after income tax for the financial year is \$3,563,054 (2010: loss \$4,508,422). The above figure is after the following charges:

- Exploration expenditure written off of \$2,159,944 (2010: \$1,035,221).

Financial Position

At the end of the financial year the Group had \$13,053,098 (2010: \$29,575,628) in cash and at call deposits. Capitalised mineral exploration and evaluation expenditure carried forward was \$122,024,322 (2010: \$113,290,676).

The Group has net assets of \$139,120,973 (2010: \$146,163,627).

Significant events after the balance sheet date

The Directors are not aware of any other matter or circumstance not otherwise dealt with in this report, that has arisen since the end of the year that has significantly affected, or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Likely Developments and Expected Results of Operations

Likely developments in the operations of the Group are set out in the 'Review of Operations' on pages 6 to 25 in this Annual Report.

Disclosure of any further information has not been included in this report because, in the reasonable opinion of the Directors, to do so would be likely to prejudice the business activities of the Group and is dependent upon the results of the future exploration and evaluation.

Environmental Regulation and Performance

The Group holds various exploration licences that regulate its exploration activities in Australia and Namibia. These licences include conditions and regulations with respect to the rehabilitation of areas disturbed during the course of the Group's exploration activities.

There have been no significant known breaches of the Group's licence conditions and at the date of this report no agency has notified the Group of any environmental breaches during the financial year or are the Directors aware of any environmental breaches.

Directors' Meetings

The number of meetings of Directors (including meetings of committees of directors) held during the year ended 30 June 2011, whilst each Director was in office, and the numbers of meetings attended by each Director were:

	Director's meetings		Meetings of Committees	
		Audit		Remuneration
Number of meetings held:	12	2		5
Number of meetings attended:				
Mervyn Greene	11	1		3
Greg Cochran	3	-		-
Martin Kavanagh	11	-		-
Gillian Swaby	11	2		5
Rudolf Brunovs	12	2		5
Patrick Mutz	9	-		-
Tony McDonald	7	1		3

All Directors were eligible to attend all meetings held, except for Mr G Cochran who was eligible to attend 3 Director's meetings, Mr P Mutz who was eligible to attend 9 Director's meetings and Mr T McDonald who was eligible to attend 7 Director's meetings.

Mr Greene was eligible to attend 1 Audit Committee meeting.

Shares under Option

During and since the end of the financial year, the Company issued 1,720,000 ordinary fully paid shares on the exercise of options. During and since the end of the financial year, 1,455,000 options lapsed unexercised upon vesting conditions not being satisfied by the holders and 29,632,500 options expired according to their terms and conditions.

Options issued to Directors, employees and consultants are subject to various vesting conditions detailed in Note 16.

The holders of options are not entitled to any voting rights nor may they participate in any share issue of the Company until the options are exercised.

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Number of Options	Exercise Price	Expiry Date	Vesting Period
1,300,000	27.5 cents	31-Dec-11	Now vested
440,000	27.5 cents	30-Jun-12	Now vested
2,550,000	35.0 cents	30-Jun-12	Now vested
3,325,000	45.0 cents	30-Jun-12	Now vested
625,000	60.0 cents	30-Jun-12	Now vested
8,240,000			

The outstanding balance of Share Rights at the date of this report are as follows:

Number of Rights	Vesting Performance Conditions	Date rights granted	Vesting Date
577,395	Time based	3-Feb-11	1-Aug-12
494,910	Market price	3-Feb-11	1-Aug-12
80,000	Time based	25-Feb-11	30-Nov-11
320,000	Market price	25-Feb-11	30-Nov-11
300,000	Time based	25-Feb-11	30-Jun-13
1,200,000	Market price	25-Feb-11	30-Jun-13
150,000	Time based	7-Jul-11	1-Jul-13
600,000	Market price	7-Jul-11	1-Jul-13
3,722,305			

Remuneration Report (Audited)

This Remuneration Report for the year ended 30 June 2011 outlines the Director and Executive remuneration arrangements of the Group in accordance with the requirements of the *Corporations Act 2001* (the Act) and its Regulations. This information has been audited as required by section 308(3C) of the Act.

For the purposes of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director of the parent Company and the Executives receiving the highest remuneration.

For the purpose of this report, the term 'Executive' includes senior executives, general managers and company secretaries of the Parent and the Group.

1. Details of key management personnel

(a) Directors

Mervyn Greene	Chairman (Non-executive)
Greg Cochran	Managing Director (Appointed 24 January 2011)
Martin Kavanagh	Executive Director
Gillian Swaby	Non- executive Director
Rudolf Brunovs	Non- executive Director
Patrick Mutz	Managing Director (Resigned 12 January 2011)
Tony McDonald	Non- executive Director (Resigned 31 December 2010)

(b) Executives

Leon Pretorius	Managing Director: Reptile Uranium Namibia (Pty) Ltd
Mark Pitts	Company Secretary

There were no other persons having the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year.

There were no changes of Key Management Personnel between the reporting date and the date the financial report was authorised for issue.

2. Remuneration overview

The Group's remuneration objective is to adopt policies, processes and practices to appropriately attract and retain Directors and Executives who will add value to the Group and to adopt reward programs which are fair and responsible and in accordance with principles of good corporate governance. The aim is to align Director and Executive entitlements with shareholder objectives.

There have been no material changes to the short-term incentive cash bonus plan for the 2011 financial year. The majority of the short-term incentive payment is based on Key Performance Indicators, linked to the strategic and operational plans of the Group. In recognition of performance of the Managing Director, a pro-rata short-term cash bonus was allocated to him during June 2011.

The Company has implemented a new long-term incentive plan. The previous option plan was replaced by an awards plan which was approved by shareholders on 18 November 2010. The awards plan has the ability to offer both options or share rights. The Company has chosen to offer share rights as long-term incentive during the 2011 financial year. These share rights vest based on time and/or market price conditions.

The remuneration of Non-executive Directors of the Group consists of directors' fees only.

Remuneration Report (Audited) (Cont'd)

3. Board oversight of remuneration

Remuneration Committee

The Board has appointed a Remuneration Committee to assist it in its determination of levels and components of remuneration packages. The Remuneration Committee consists only of Non-executive Directors.

The Remuneration Committee is responsible for reviewing the overall remuneration philosophy, strategy, plans, policies and procedures to implement the remuneration objective. It also reviews and makes recommendations as to the makeup of the remuneration packages for the Directors and Executives, ensuring that there is a clear link between performance and remuneration by balancing fixed remuneration with long and short term incentives to align long and short term performance of the Executives.

In making recommendations to the Board, the Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of Executives on a periodic basis by reference to the status of the Group and the stage of development of its assets, the skill sets required of the Directors and Executives, trends in comparative ASX listed companies and the need for a balance between fixed remuneration and non-cash long and short term incentive remuneration. The process includes a review of Group and individual performances, broad market remuneration data and relevant comparative remuneration externally and internally.

The Remuneration Committee from time to time obtains external advice from an independent consultant who provides no other services to the Group.

Remuneration approval process

The Board approves the remuneration packages of the Managing Director and Executives and all awards made under the long-term incentive plan, following consideration of the recommendations from the Remuneration Committee. The Board also sets the aggregate remuneration of Non-executive Directors which is then subject to shareholder approval.

Remuneration strategy

The key objectives of the Group's award framework are to ensure that remuneration practices:

- Attract, remunerate and retain Directors and Executives who will add value to the Group;
- Result in competitive remuneration, benchmarked against peer groups;
- Reward Directors and Executives for performance with a strong linkage to Group performance; and
- Aim to align Director and Executive entitlements with shareholder objectives through the Awards Plan.

Remuneration structure

In accordance with best practice corporate governance, the structural component of Non-executive Director remuneration are separate and distinct from Executive remuneration.

4. Non-executive Director Remuneration

Remuneration Policy

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The Constitution and the ASX Listing Rules specify that the remuneration of Non-executive Directors shall be determined from time to time by a general meeting. The latest determination was at the Annual General Meeting held on 19 November 2009 when shareholders approved a maximum amount which could be paid as Non-executive Director fees of \$450,000 per annum to be apportioned between the Non-executive Directors as determined by the Board. The Board will not seek any increase for the Non-executive Director pool at the 2011 AGM.

Performance based cash bonuses or equity based remuneration is not considered appropriate for Non-executive Directors and accordingly does not form part of their remuneration.

Structure

The Non-executive Directors were paid \$302,025 during the year in relation to their Non-executive Director roles, inclusive of other benefits for additional services.

The remuneration of Non-executive Directors for the period ended 30 June 2011 and 30 June 2010 is detailed in Table 1 and 2 respectively of this report.

5. Executive Remuneration

Objective

The Group aims to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group.

Remuneration Report (Audited) (Cont'd)

Structure

The Group's remuneration structure for the Managing Director and Executives can include a mix of:

- Fixed remuneration component
- Short term incentive component
- Long term incentive component

The **fixed remuneration** component comprises base salary and statutory superannuation contributions (where applicable). It is paid by the Group to compensate fully for all requirements of their employment and is subject to annual review. Executive contracts of employment do not include any guaranteed base pay increases. As part of its annual salary review process, the Group benchmarks the fixed component against appropriate market comparisons with the comparator group criteria being market capitalisation and sub-sector grouping using information and advice from external consultants. The Group pays particular attention to the skills, job requirements and other matters specific to the Executive and the Group's needs.

The **short term incentive** (STI) component is in the form of a cash bonus to the Managing Director of up to 20% of base salary. Payment of the cash bonus is entirely discretionary with the majority of the cash bonus calculated based on Key Performance Indicators (KPIs). The actual KPIs, weightings and priorities are agreed annually with the Board so as to ensure they remain relevant and appropriate to the Group and the Executives and are reviewed periodically to ensure it is linked to the strategic and operational plans of the Group, including budgets agreed for each financial year.

Performance measures	Proportion of STI award measure applies to
Financial measure: <ul style="list-style-type: none"> • Maximising value of strategic disposals • Appropriate funding arrangements 	35%
Non-financial measures: <ul style="list-style-type: none"> • Strategic tenement retention and exploration • Resource and development progressing • Market and competitive positioning • Risk management • Leadership/Staff retention • Stakeholder communication 	65%

These measures were chosen as they represent the key drivers for the short term success of the business and provide a framework for delivering long-term value.

On an annual basis, after consideration of performance against KPIs the Remuneration Committee determines the amount, if any, to be paid. This process usually occurs within three months of the financial year. Cash bonus payments are made in the following reporting period.

STI awards for 2010 and 2011 financial years

For the 2010 financial year, a maximum STI cash bonus of \$30,000 was available to Mr P Mutz, former Managing Director of the Group. An amount of \$15,000 (excluding statutory superannuation) was paid in the 2011 financial year, with \$15,000 forfeited.

The maximum STI cash bonus available to Mr G Cochran for the 2011 financial year was \$37,500 (excluding statutory superannuation) and the minimum nil, assuming that the Managing Director does not meet his respective KPIs. The Remuneration Committee determined that \$45,872 (excluding statutory superannuation) be awarded to Mr G Cochran.

Long term incentive (LTI) awards are made to Executives in order to align remuneration with shareholder wealth over the long-term and delivered in the form of share rights under the awards plan. Each right upon vesting entitles the holder to one fully paid ordinary share in the Company. The rights vest over a period of up to 28 months so as to retain Executives and subject to meeting time and market price measures, with no opportunity to retest.

Rights were deliberately chosen because they provide an appropriate level of incentive in a competitive environment and are cost effective in that there is no cash outlay for the Group which is appropriate given the Group's exploration status. Agreements entered into with other Executives do not include an obligation to provide performance based components but do provide for consideration of them in accordance with the Group policies and practices.

Where a participant ceases employment prior to the vesting of their award, the rights are forfeited unless the Board exercises its discretion to allow vesting at or post cessation of employment.

Rights were granted under the Awards Plan to a number of Executives on 3 and 25 February 2011 respectively. Details in respect of the awards are provided in Table 1(a).

As part of the Group's Securities Trading Policy, Directors and Employees are prohibited from engaging in hedging arrangements over unvested Securities to protect the value of their unvested LTI awards. This includes the use of put and call options or other derivative instruments to hedge their exposure to options or share rights granted as part of their remuneration package.

Remuneration Report (Audited) (Cont'd)

Group performance

The table below shows the performance of the Group as measured by its earnings per share and its share price over the past 5 years.

The movement in share price shown in the table is a reflection of the volatility in the price of U3O8 and world capital markets whereby historical U3O8 prices have decreased significantly from 2007 as indicated below.

	30 June 2011 Cents	30 June 2010 Cents	30 June 2009 Cents	30 June 2008 Cents	30 June 2007 Cents
Share price	15.00	13.00	33.50	27.00	55.00
U3O8 spot price (US\$/lb)	53.13	41.75	51.50	59.00	136.00
Earnings/(Loss) per share	(0.32)	(0.40)	(1.19)	(0.35)	(0.34)

Details of Remuneration for Directors and Executive Officers

The Company Secretary, Mr Mark Pitts has been included in remuneration disclosures in this report.

During the year there were no other Executives which were employed by the Group for whom disclosure is required. Details of the remuneration of each Director and Executive of the Group are as follows:

Table 1: Remuneration for the year ended 30 June 2011

30 June 2011	Short Term			Post Employment	Sub-total	Share Based Payments Share Rights (iv)	Long Term Benefits Long Service Leave	Termination Payments	Total	Performance Related %
	Base Emolument	Cash Bonus	Other Benefits	Superannuation Contributions						
Non-executive Directors										
M Greene	120,000	-	-	-	120,000	-	-	-	120,000	-
G Swaby	65,000	-	-	5,850	70,850	-	-	-	70,850	-
R Brunovs (v)	65,000	-	4,900	5,850	75,750	-	-	-	75,750	-
T McDonald (i)	32,500	-	-	2,925	35,425	-	-	-	35,425	-
Total NED	282,500	-	4,900	14,625	302,025	-	-	-	302,025	-
Executive Directors										
G Cochran (ii)	221,564	45,872	-	21,946	289,382	48,351	2,917	-	340,650	13
M Kavanagh	316,158	-	-	26,422	342,580	125,742	4,893	-	473,215	12
P Mutz (iii)	258,482	15,000	-	21,600	295,082	-	5,834	272,500	573,416	3
Other KMP										
L Pretorius	-	-	444,000	-	444,000	-	-	-	444,000	-
M Pitts	112,275	-	-	-	112,275	25,875	-	-	138,150	-
Total Executive KMP	908,479	60,872	444,000	69,968	1,483,319	199,968	13,644	272,500	1,969,431	-
Totals	1,190,979	60,872	448,900	84,593	1,785,344	199,968	13,644	272,500	2,271,456	-

(i) Resigned 31 December 2010

(ii) Appointed 24 January 2011

(iii) Resigned 12 January 2011

(iv) Value of share rights expensed during the year is detailed in Table 1(a)

(v) Other benefits component comprises fees paid for additional services rendered to the Group.

Table 1(a): Share rights: Value of rights expensed during the year ended 30 June 2011

	Grant date	Number of rights	Terms and Conditions for each Grant during the year				Value of rights expensed during the year	
			Fair Value per right at grant date (cents)	Total value of rights granted (\$)	Vesting date	Vesting and performance conditions (i)	Value of expensed rights during the year	% of Total Remuneration consisting of rights
Executive Directors								
G Cochran	25-Feb-11	300,000	30.50	91,500	30-Jun-13	Time based	13,071	15
G Cochran	25-Feb-11	1,200,000	20.58	246,960	30-Jun-13	Market price	35,280	
							48,351	
Other KMP								
M Kavanagh	25-Feb-11	180,000	30.50	54,900	1-Jul-11	Time and performance based	54,900	27
M Kavanagh	25-Feb-11	80,000	30.50	24,400	30-Nov-11	Time based	10,844	
M Kavanagh	25-Feb-11	320,000	23.12	73,984	30-Nov-11	Market price	32,882	
M Kavanagh	25-Feb-11	150,000	30.50	45,750	1-Jul-13	Time based	6,536	
M Kavanagh	25-Feb-11	600,000	24.01	144,060	1-Jul-13	Market price	20,580	
							125,742	
Other KMP								
M Pitts	3-Feb-11	52,080	37.0	19,270	1-Aug-11	Time based	16,058	19
M Pitts	3-Feb-11	52,080	37.0	19,270	1-Aug-12	Time based	5,353	
M Pitts	3-Feb-11	44,640	36.0	16,060	1-Aug-12	Market price	4,464	
							25,875	
							199,968	

Remuneration Report (Audited) (Cont'd)

Vesting and Performance conditions

The Share rights issued in February 2011 are subject to a range of vesting and performance conditions:

G Cochran

300,000 rights vest on the Vesting date if Mr G Cochran remains employed as Managing Director of the Company, up to the Vesting Date.

1,200,000 rights vest on the Vesting Date if Mr G Cochran remains employed as Managing Director of the Company, up to the Vesting Date and based on the Company share price as set out below:

Parameters	Description	
Test date:	30 June 2013	
Test price:	10-day VWAP share price on ASX prior to and including Test date	
Price Schedule:	Price	Value (rounded to nearest whole cents)
	Base Price	34.0
	Price 1 (Base Price x 120%)	41.0
	Price 2 (Price 1 x 115%)	47.0
	Price 3 (Price 2 x 115%)	54.0
Vesting Schedule:	Test Price relative to Price Schedule	% of the remaining 1,200,000 rights that will vest
	Test Price less than 41.0 cents	0%
	Test Price between 41.0 and 47.0 cents	33.3%
	Test Price between 47.0 cents and 54.0 cents	66.6%
	Test Price greater or equal to 54.0 cents	100%

M Kavanagh

180,000 rights vest on 1 July 2011 if non-market KPIs are met and if Mr M Kavanagh remains employed by the Company up to the Vesting Date.

400,000 rights vest on 30 November 2011 if Mr M Kavanagh remains employed by the Company up to the Vesting Date, however 80% (320,000) of the rights will be subject to an additional market based vesting condition, that the DYL share price equals or exceeds 25 cents.

750,000 rights vest on 1 July 2013 if Mr M Kavanagh remains employed by the Company up to the Vesting Date, however 80% (600,000) of the rights will be subject to an additional market based vesting condition, that the DYL share price equals or exceeds 30 cents.

M Pitts

52,080 rights vest on 1 August 2011 if Mr M Pitts remains employed by the Company up to the Vesting Date.

96,720 rights vest on 1 August 2012 if Mr M Pitts remains employed by the Company up to the Vesting Date and 44,640 of the rights will be subject to an additional market based vesting condition, that the DYL share price equals or exceeds 40.2 cents.

Table 2: Remuneration for the year ended 30 June 2010

30 June 2010	Short Term			Post Employment	Sub-total	Share Based Payments Options (iii)	Long Term Benefits Long Service Leave	Termination Payments	Total	Performance Related %
	Base Emolument	Cash Bonu s	Other Benefits	Superannuation Contributions						
Non-executive Directors										
M Greene (i)	109,000	-	25,000	-	134,000	-	-	-	134,000	-
G Swaby	65,000	-	-	5,850	70,850	-	-	-	70,850	-
R Brunovs (i)	65,000	-	7,500	5,850	78,350	-	-	-	78,350	-
T McDonald (i)	65,000	-	12,000	5,850	82,850	-	-	-	82,850	-
Total NED	304,000	-	44,500	17,550	366,050	-	-	-	366,050	-
Executive Directors										
L Pretorius (ii)	-	-	444,000	-	444,000	59,018	-	-	503,018	-
P Mutz	163,459	-	-	13,500	176,959	-	2,333	-	179,292	-
M Kavanagh	316,157	-	-	26,422	342,579	24,705	4,893	-	372,177	-
Other KMP										
M Pitts	72,000	-	-	-	72,000	10,050	-	-	82,050	-
Total Executive KMP	551,616	-	444,000	39,922	1,035,538	93,773	7,226	-	1,136,537	-
Totals	855,616	-	488,500	57,472	1,401,588	93,773	7,226	-	1,502,587	-

- (i) Other benefits component comprises fees paid for additional services rendered to the Group.
- (ii) Dr Pretorius remains the Managing Director of Reptile Uranium Namibia (Pty) Ltd, controlled entity of Deep Yellow Limited. He retired as Managing Director of Deep Yellow Limited on 1 March 2010.
- (iii) Value of options expensed during the year is detailed in Table 2(a).

Remuneration Report (Audited) (Cont'd)

Table 2(a): Compensation options: Value of options expensed during the year ended 30 June 2010

6	Granted			Terms & Conditions for each Grant				Value of expensed options during the year
	Number of options	Grant Date	Fair Value per option at grant date (cents)	Total value of options granted (\$)	Exercise price per option (cents)	First Exercise Date	Expiry date	
Executive Directors								
L Pretorius	2,150,000	02-Dec-08	4.32	92,880	27.5	01-Jul-10	30-June-11	59,018
M Kavanagh	900,000	02-Dec-08	4.32	38,880	27.5	01-Jul-10	30-June-11	24,705
Other KMP								
M Pitts	50,000	01-Aug-09	20.10	10,050	35.0	01-Dec-09	30-Jun-12	10,050
								93,773

Service Agreements

The Group has the following service agreements with Key Management Personnel:

Mr G Cochran

The terms of the employment contract as disclosed to the ASX on 24 January 2011 are as follows:

- No fixed term
- Fixed remuneration of \$490,500 per annum (including statutory superannuation)
- Annual STI cash bonus of up to 20% of his fixed remuneration (currently \$450,000 plus statutory superannuation).
- LTI of 1,500,000 share rights (details as provided above) which are subject to shareholder approval at the next general meeting of shareholders.

The contract can at any time be terminated by either party providing the other party with 6 months' notice. Termination of the contract by either party will result in a payment equivalent to the notice period remuneration.

Dr L Pretorius

An agreement with Opaline Gold (Pty) Ltd for consultancy services from **Dr L Pretorius** has no fixed term. Professional fees under the contract are \$444,000 per annum. The Group may terminate the agreement by the giving of 12 months' notice. Dr Pretorius may terminate the agreement by the giving of 3 months' notice. Termination of the contract by either party will result in a payment equivalent to the notice period remuneration.

Mr M Kavanagh

An employment agreement with **Mr M Kavanagh** has no fixed term. Remuneration under the contract is \$320,000 per annum (including statutory superannuation). The Group may terminate the agreement by the giving of 12 months' notice. Mr Kavanagh may terminate the agreement by the giving of 3 months' notice. Termination of the contract by either party will result in a payment equivalent to the notice period remuneration.

The following arrangements applied to outgoing Executives in office during the 2011 financial year:

- Mr P Mutz received a termination payment of fixed remuneration of \$272,500, in accordance with the terms of his employment contract.

Equity instruments

Unlisted Options

During the financial year no options were granted as equity compensation benefits to key management personnel, none vested and 29,632,500 lapsed unexercised with nil intrinsic value.

Share Rights

Share rights granted and vested during the year are set out in Table 3 below.

Remuneration Report (Audited) (Cont'd)

Table 3: Share rights: Granted and vested during the year ended 30 June 2011

	Number granted	Grant Date	Fair Value per right at grant date (cents)	Vesting date	Vested	
					Number	%
Executive Directors						
G Cochran	300,000	25-Feb-11	30.50	30-Jun-13	-	-
G Cochran	1,200,000	25-Feb-11	20.58	30-Jun-13	-	-
M Kavanagh	180,000	25-Feb-11	30.50	1-Jul-11	-	-
M Kavanagh	80,000	25-Feb-11	30.50	30-Nov-11	-	-
M Kavanagh	320,000	25-Feb-11	23.12	30-Nov-11	-	-
M Kavanagh	150,000	25-Feb-11	30.50	1-Jul-13	-	-
M Kavanagh	600,000	25-Feb-11	24.01	1-Jul-13	-	-
Other KMP						
M Pitts	52,080	3-Feb-11	37.0	1-Aug-11	-	-
M Pitts	52,080	3-Feb-11	37.0	1-Aug-12	-	-
M Pitts	44,640	3-Feb-11	36.0	1-Aug-12	-	-

No share rights lapsed during the year.

For details on the valuation of the rights, including models and assumptions used, please refer to note 16.

There were no alterations to the terms and conditions of rights granted as remuneration since their grant date. The rights were provided at no cost to the recipients.

End of Remuneration Report.

Officers' Indemnities and Insurance

During the year the Company paid an insurance premium to insure certain officers of the Company. The officers of the Company covered by the insurance policy include the Directors and the Company Secretary named in this report.

The Directors and Officers Liability insurance provides cover against all costs and expenses that may be incurred in defending civil proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company. The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

The Company has not entered into any agreement to indemnify any auditor of the Group.

Proceedings on Behalf of the Company

No person has applied to the Court under Section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under Section 237 of the Corporations Act 2001.

Corporate Governance

The Directors recognise the need for the highest standards of corporate behaviour and accountability, and the Group's corporate governance statement is contained in the annual report.

Non-audit Services and Auditor's Independence Declaration

During the 2011 financial year Ernst & Young, the Group's auditor, has provided non audit services in addition to their statutory duties as disclosed below.

Taxation and other services

Consolidated	
2011	2010
\$	\$
27,378	22,557
27,378	22,557

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act is set out on page 43.

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

DATED at Perth this 6th day of September 2011.



Greg Cochran
Managing Director

14. AUDITOR'S INDEPENDENCE DECLARATION



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

In relation to our audit of the financial report of Deep Yellow Limited for the financial year ended 30 June 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, appearing to be 'R A Kirkby'.

R A Kirkby
Partner
Perth
6 September 2011

Liability limited by a scheme approved
under Professional Standards Legislation

15. FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated	
		2011 \$	2010 \$
Continuing operations			
Interest revenue	5(a)	1,214,316	1,873,970
Other income	5(b)	227,577	99,310
Revenue and Other Income		1,441,893	1,973,280
Depreciation and amortisation expenses	6	(493,011)	(560,950)
Marketing expenses		(182,489)	(122,895)
Occupancy expenses		(238,062)	(223,328)
Administrative expenses		(1,737,970)	(1,149,033)
Employee expenses	6	(2,004,959)	(3,163,846)
Exploration expenditure written off	13	(2,159,944)	(1,035,221)
Net fair value gain/(loss) on held for trading financial assets	6	230,000	(89,800)
Impairment on available for sale financial assets	6	-	(133,067)
Loss from continuing operations before income tax		(5,144,542)	(4,504,860)
Income tax benefit / (expense)	7	1,581,488	(3,562)
Loss from continuing operations after income tax	29	(3,563,054)	(4,508,422)
Other comprehensive income			
Foreign currency (loss)/profit		(4,225,653)	(220,880)
Net fair value (losses)/gains on available for sale financial assets		40,133	(320,384)
Total other comprehensive (loss)/profit for the period		(4,185,520)	(541,264)
Total comprehensive loss for the period		(7,748,574)	(5,049,686)
Earnings per share for loss attributable to the ordinary equity holders of the Company.		Cents	Cents
Basic earnings/(loss) per share	30	(0.32)	(0.40)
Diluted earnings/(loss) per share	30	(0.32)	(0.40)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

BALANCE SHEET AS AT 30 JUNE 2011

	Note	Consolidated	
		2011 \$	2010 \$
ASSETS			
Current assets			
Cash and cash equivalents	8	11,033,098	27,575,628
Trade and other receivables	9(a)	4,881,356	4,414,899
Other assets	9(b)	456,170	438,765
Held for trading financial assets	10	258,000	28,000
Total current assets		16,628,624	32,457,292
Non- current assets			
Available-for-sale investments	11	272,667	330,533
Property, plant and equipment	12	1,853,146	2,427,747
Capitalised mineral exploration and evaluation expenditure	13	122,024,322	113,290,676
Total non-current assets		124,150,135	116,048,956
Total assets		140,778,759	148,506,248
LIABILITIES			
Current liabilities			
Trade and other payables	14	1,657,786	1,488,529
Total current liabilities		1,657,786	1,488,529
Non-Current liabilities			
Deferred tax liabilities	7	-	854,092
Total non-current liabilities		-	854,092
Total liabilities		1,657,786	2,342,621
Net assets		139,120,973	146,163,627
EQUITY			
Contributed equity	15	195,589,154	194,801,070
Accumulated losses	17	(62,458,120)	(58,895,066)
Employee equity benefits reserve	17	9,872,461	9,954,625
Asset fair value adjustment reserve	17	40,133	-
Foreign currency translation reserve	17	(3,922,655)	302,998
Total equity		139,120,973	146,163,627

The above balance sheet should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	Contributed Equity	Asset fair value adjustment reserve	Foreign currency translation reserve	Employee equity benefits reserve	Accumulated losses	Total Equity
	\$	\$	\$	\$	\$	\$
At 1 July 2010	194,801,070	-	302,998	9,954,625	(58,895,066)	146,163,627
Loss for the period	-	-	-	-	(3,563,054)	(3,563,054)
Other comprehensive profit/(loss)	-	40,133	(4,225,653)	-	-	(4,185,520)
Total comprehensive loss for the period	-	40,133	(4,225,653)	-	(3,563,054)	(7,748,574)
Transactions with owners in their capacity as owners:						
Exercise of options	788,084	-	-	(315,084)	-	473,000
Share based payments	-	-	-	232,920	-	232,920
At 30 June 2011	195,589,154	40,133	(3,922,655)	9,872,461	(62,458,120)	139,120,973

	Contributed Equity	Asset fair value adjustment reserve	Foreign currency translation reserve	Employee equity benefits reserve	Accumulated losses	Total Equity
	\$	\$	\$	\$	\$	\$
At 1 July 2009	193,696,974	320,384	523,878	8,349,235	(54,386,644)	148,503,827
Loss for the period	-	-	-	-	(4,508,422)	(4,508,422)
Other comprehensive loss	-	(320,384)	(220,880)	-	-	(541,264)
Total comprehensive loss for the period	-	(320,384)	(220,880)	-	(4,508,422)	(5,049,686)
Transactions with owners in their capacity as owners:						
Exercise of options	1,104,096	-	-	(433,783)	-	670,313
Share based payments	-	-	-	2,039,173	-	2,039,173
At 30 June 2010	194,801,070	-	302,998	9,954,625	(58,895,066)	146,163,627

The above statement of changes in equity should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

Note	Consolidated	
	2011 \$	2010 \$
Cash flows from operating activities		
Interest received	1,635,854	1,526,934
Payments to suppliers and employees	(3,855,219)	(2,890,327)
Tax refund	727,396	-
Other receipts	5,725	38,333
Net cash used in operating activities	(1,486,244)	(1,325,060)
Cash flows from investing activities		
Exploration expenditure	(14,689,126)	(16,131,580)
Proceeds from sale of investments	319,852	99,419
Payments for property, plant and equipment	(127,324)	(151,865)
Payments for purchase of prospects	-	(1,300,000)
Proceeds on sale of property, plant and equipment	19,195	-
Proceeds on disposal of security deposits	22,150	16,500
Payments for security deposits	(13,000)	(20,996)
Net cash used in investing activities	(14,468,253)	(17,488,522)
Cash flows from financing activities		
Proceeds from the issue of shares	473,000	670,313
Net cash from financing activities	473,000	670,313
Net decrease in cash and cash equivalents	(15,481,497)	(18,143,269)
Effects on cash of foreign exchange	(1,041,033)	303,083
Cash and cash equivalents at the beginning of the financial year	29,575,628	47,415,814
Cash and cash equivalents at the end of the financial year	13,053,098	29,575,628

The above cash flow statement should be read in conjunction with the accompanying notes.

16. CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

Note 1 Corporation information and summary of significant accounting policies

Deep Yellow Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

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

The nature of the operations and principal activities of the Group are described in the Director's Report.

The consolidated financial report of Deep Yellow Limited ('the Group') was authorised for issue in accordance with a resolution of Directors on 31 August 2011.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, International Financial Reporting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

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

Statement of Compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

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.

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 which may include but is not limited to the implementation of strategic joint ventures and the sale of non-core assets.

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 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 assets 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 accounting standards and interpretations

From 1 July 2010, Deep Yellow Limited has adopted all Australian Accounting Standards and Interpretations mandatory for annual periods beginning on or after 1 July 2010. Adoption of these standards and interpretations did not have an effect on the financial statements of the Group.

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2009-5	AASB 5 Non-current Assets Held for Sale and Discontinued Operations	Clarifies that the disclosure required in respect of non-current assets and disposal groups classified as held for sale or discontinued operations are only those set out in AASB 5.	1 January 2011	The disclosure requirements of other Accounting Standards only apply if specifically required for such non-current assets or discontinued operations.	1 July 2010
	AASB 8 Operating Segments	Clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker.	1 January 2011	As the Group's chief operating decision maker reviews segment assets and liabilities, the Group has disclosed this information in note 4.	1 July 2010
	AASB 107 Statement of Cash Flows	This standard states that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities.	1 January 2010	This amendment has not impacted the Group as all cash flows classified as investing activities result in the recognition of an asset.	1 July 2009
	AASB 136 Impairment of Assets	The amendment clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in AASB 8 before aggregation for reporting purposes.	1 January 2010	The amendment has no impact on the Group as impairment is considered as required, at a lower level than operating segments.	1 July 2009

New accounting standards and interpretations issued but not yet effective

The following standards, amendments to standards and interpretations have been identified as those which may impact the consolidated entity in the period of initial application. They have recently been issued or amended but are not yet effective and have not been applied in preparing this financial report.

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 9 and AASB 2009-11	Financial Instruments and Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	<p>The revised Standard introduces a number of changes to the accounting for financial assets, the most significant of which includes:</p> <ul style="list-style-type: none"> • two categories for financial assets being amortised cost or fair value • removal of the requirement to separate embedded derivatives in financial assets • strict requirements to determine which financial assets can be classified as amortised cost or fair value, Financial assets can only be classified as amortised cost if (a) the contractual cash flows from the instrument represent principal and interest and (b) the entity's purpose for holding the instrument is to collect the contractual cash flows • an option for investments in equity instruments which are not held for trading to recognise fair value changes through other comprehensive income with no impairment testing and no recycling through profit or loss on derecognition • reclassifications between amortised cost and fair value no longer permitted unless the entity's business model for holding the asset changes • changes to the accounting and additional disclosures for equity instruments classified as fair value through other comprehensive income 	1 January 2013	The Group has not yet determined the impact of the amendments, if any.	1 July 2013
AASB 10	Consolidated Financial Statements	<p>AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and Interpretation 112 Consolidation – Special Purpose Entities.</p> <p>The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. This is likely to lead to more entities being consolidated into the group.</p>	1 January 2013	The Group has not yet determined the impact of the amendments, if any.	1 July 2013
AASB 11	Joint Arrangements	<p>AASB 11 replaces AASB 131 <i>Interests in Joint Ventures</i> and Interpretation 113 <i>Jointly-controlled Entities – Non-monetary Contributions by Ventures</i>. 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 AASB 11 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 venturers 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 venturers a right to the net assets is accounted for using the equity method. This may result in a change in the accounting for the joint arrangements held by the group.</p>	1 January 2013	The Group has not yet determined the impact of the amendments, if any.	1 July 2013

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 12	Disclosure of Interests in Other Entities	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.	1 January 2013	The Group has not yet determined the impact of the amendments, if any.	1 July 2013
AASB 124 (Revised)	Related Party Disclosures (December 2009)	<p>The revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including:</p> <ul style="list-style-type: none"> • The definition now identifies a subsidiary and an associate with the same investor as related parties of each other • Entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other • The definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other <p>A partial exemption is also provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.</p>	1 January 2011	The amendments are expected to have no or minimal effect on the Group's accounting.	1 July 2011
AASB 2009-12	Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	<p>This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations. The amendment to AASB 124 clarifies and simplifies the definition of a related party as well as providing some relief for government-related entities (as defined in the amended standard) to disclose details of all transactions with other government-related entities (as well as with the government itself)</p>	1 January 2011	The amendments are expected to have no or minimal effect on the Group's accounting.	1 July 2011
AASB 2009-14	Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement	<p>These amendments arise from the issuance of Prepayments of a Minimum Funding Requirement (Amendments to IFRIC 14). The requirements of IFRIC 14 meant that some entities that were subject to minimum funding requirements could not treat any surplus in a defined benefit pension plan as an economic benefit. The amendment requires entities to treat the benefit of such an early payment as a pension asset. Subsequently, the remaining surplus in the plan, if any, is subject to the same analysis as if no prepayment had been made.</p>	1 January 2011	The amendments are expected to have no or minimal effect on the Group's accounting.	1 July 2011
AASB 1054	Australian Additional Disclosures	<p>This standard is as a consequence of phase 1 of the joint Trans-Tasman Convergence project of the AASB and FRFB.</p> <p>This standard relocates all Australian specific disclosures from other standards to one place and revises disclosures in the following areas:</p> <ul style="list-style-type: none"> • Compliance with Australian Accounting Standards • The statutory basis or reporting framework for financial statements • Whether the financial statements are general purpose or special purpose • Audit fees • Imputation credits 	1 July 2011	The amendments are expected to have no or minimal effect on the Group's accounting.	1 July 2011

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2010-4	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13]	This amendment emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments. It clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. It provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions It clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.	1 January 2011	The amendments are expected to have no or minimal effect on the Group's accounting.	1 July 2011
AASB 2010-5	Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB. These amendments have no major impact on the requirements of the amended pronouncements.	1 January 2011	The amendments are expected to have no or minimal effect on the Group's accounting.	1 July 2011
AASB 2010-6	Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]	The amendments increase the disclosure requirements for transactions involving transfers of financial assets. <i>Disclosures</i> require enhancements to the existing disclosures in IFRS 7 where an asset is transferred but is not derecognised and introduce new disclosures for assets that are derecognised but the entity continues to have a continuing exposure to the asset after the sale.	1 July 2011	The amendments are expected to have no or minimal effect on the Group's accounting.	1 July 2011
AASB 2010-7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023, & 1038 and interpretations 2, 5, 10, 12, 19 & 127]	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: <ul style="list-style-type: none"> The change attributable to changes in credit risk are presented in other comprehensive income (OCI) The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.	1 January 2013	The amendments are expected to have no or minimal effect on the Group's accounting.	1 July 2013
AASB 2010-8	Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	These amendments address the determination of deferred tax on investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that the carrying amount will be recoverable through sale. The amendments also incorporate <i>SIC-21 Income Taxes – Recovery of Revalued Non-Depreciable Assets</i> into AASB 112.	1 January 2012	The amendments are expected to have no or minimal effect on the Group's accounting.	1 July 2012
AASB 2011-1	Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132, AASB 134, Interpretation 2, Interpretation 112, Interpretation 113]	This Standard amends many Australian Accounting Standards, removing the disclosures which have been relocated to AASB 1054.	1 July 2011	The amendments are expected to have no or minimal effect on the Group's accounting.	1 July 2011
AASB 2011-7	Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards	Consequential amendments to AASB 127 <i>Separate Financial Statements</i> and AASB 128 <i>Investments in Associates</i> as a result of the adoption of AASB 10 <i>Consolidated Financial Statements</i> , AASB 11 <i>Joint Arrangements</i> and AASB 12 <i>Disclosure of Interests in Other Entities</i> .	1 January 2013	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2013

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
Amendments to International Financial Reporting Standards	IFRS 13	IFRS 13 defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements. It does not determine when an asset, a liability or an entity's own equity instrument is measured at fair value. Rather, the measurement and disclosure requirements of IFRS 13 apply when another IFRS requires or permits the item to be measured at fair value (with limited exceptions).	1 January 2013	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2013

Historical cost convention

These financial statements have been prepared on a historical cost basis, except for the fair valuation of available for sale financial assets and of financial assets and liabilities (including derivative instruments) which have been measured at fair value.

Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

(b) Principles of consolidation

The consolidated financial statements comprise the financial statements of Deep Yellow Limited and its subsidiaries as at and for the period ended 30 June each year (the Group). Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Inter-entity balances resulting from transactions with or between subsidiaries are eliminated in full on consolidation.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

(c) Operating segment

An operating segment is a distinguishable component of an entity that engages in business activities from which it may earn revenue and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about how resources should be allocated to the segment and assess its performance and for which discrete financial information is available.

Operating segments have been identified based on the information provided to the chief operating decision maker – being the Group Managing Director and Executive management team.

(d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Interest income

Interest income is recognised as it accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(e) Income tax

The current income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the notional income tax rate enacted or substantially enacted at balance sheet date for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantially enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to those timing differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss. In addition, no deferred tax is recognised in respect of goodwill.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying value of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be realised.

Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax amounts attributable to amounts recognised directly in equity are also recognised directly in equity.

(f) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets, and the arrangement conveys the right to use the asset.

Leases are classified as operating leases where substantially all the risks and benefits remain with the lessor. Payments in relation to operating leases are recognised as expenses in the income statement on a straight line basis over the lease term.

Lease incentives under operating leases are recognised in the income statement as an integral part of the total lease expense.

(g) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in the expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(h) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(i) Fair value estimation

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair value is determined using a binomial option valuation methodology.

(j) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the written down value method or straight line method to allocate their cost, net of residual values, over their estimated useful lives, as follows:

Office equipment and fittings	12.5% – 33% of cost
Motor vehicles	25% of cost
Site equipment	25% of cost
Leasehold property and buildings	5% of cost

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(g)).

An item of property, plant and equipment is derecognised on disposal or when no further future economic benefits are expected from its use. Any gain or loss arising on derecognition of an asset (calculated as the difference between net disposal proceeds and the carrying amount of the asset) is included in profit and loss in the year the asset is derecognised.

(k) Mineral exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable Area of Interest. An Area of Interest is generally defined by the Group as a number of geographically proximate exploration permits which could form the basis of a project. These costs are only carried forward to the extent that the Group's rights of tenure to that Area of Interest are current and that the costs are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area of interest are written off in full in the Statement of Comprehensive Income in the year in which the decision to abandon the area is made.

A regular review is undertaken of each Area of Interest to determine the appropriateness of continuing to carry forward costs in relation to that Area of Interest.

(l) Restoration and rehabilitation policy

Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits and environmental legislation.

Site rehabilitation is required to decommission and rehabilitate exploration sites to a condition acceptable to the relevant authority. Costs are included in mineral exploration and evaluation expenditure as and when incurred. No provision is made for cost that might be incurred in the future.

(m) Joint ventures

The Group's joint venture interests are classified as joint venture operations in accordance with AASB 31 Interest in Joint Ventures.

Interests in joint venture operations have been brought to account by including the appropriate share of the relevant assets, liabilities and costs of the joint ventures in their relevant categories in the financial statements. Details of these interests are shown in note 27.

(n) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

The amounts are unsecured and usually paid within 30 days of recognition.

(o) Employee benefits

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave due to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts due to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future salaries, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share based payments

Share based compensation payments are made available to Executive Directors and employees of the Group, whereby Executive Directors and employees render services in exchange for rights over shares.

The fair value of these equity settled transactions is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the award.

At each subsequent reporting date until vesting, the cumulative charge to the statement of comprehensive income is the product of:

- i. the grant date fair value of the award;
- ii. the current best estimate of the number of options or rights that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and
- iii. the expired portion of the vesting period.

The charge to the statement of comprehensive income for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

Share based compensation payments are granted by the parent company to employees of the Group. The expense recognised by the Group is the total expense associated with all such awards.

The fair value at grant date is independently determined using a binomial option pricing model or the Monte-Carlo simulation model, as appropriate, that takes into account the exercise price, the term of the option or right, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk free rate for the term of the option and the probability of market based vesting conditions being realised.

The fair value of the award granted is adjusted to reflect market vesting conditions. Non-market vesting conditions are included in assumptions about the number of awards that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of awards that are expected to become exercisable. The employee benefit expense recognised each period, takes into account the most recent estimate.

Upon the exercise of awards, the balance of the share based payments reserve relating to those awards is transferred to share capital and the proceeds received, net of any directly attributable transaction costs, are credited to share capital.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(p) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company, excluding any costs of servicing equity other than dividends, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share is calculated as net profit attributable to equity holders of the Company, adjusted for:

- Costs of servicing equity (other than dividends) and preference share 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 or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(r) Goods and service tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as a part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(s) Trade and other receivables

Trade and other receivables are recognised and carried at original invoice amount less any allowance for any uncollectible amounts, and generally have 30 day terms. An allowance for a doubtful debt is made when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified.

(t) Investments and other financial assets

Financial assets in the scope of AASB139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus in the case of investments not at fair value through

profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets at initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date, i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

Investments that are included as held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

(u) Foreign currency translation

The functional currencies of Deep Yellow Limited and its overseas controlled entities are Australian dollars, Namibian dollars and US dollars. These consolidated financial statements are presented in Australian dollars.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange prevailing at balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

The results of subsidiaries are translated as at the date of each transaction. Assets and liabilities are translated at exchange rates prevailing at balance sheet date. All realised exchange differences are taken to profit and loss and foreign exchange differences arising on consolidation are recognised in reserves.

(v) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and that a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

(w) Impairment of financial assets

(i) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

(ii) Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair-value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the income statement. The prolonged or significant decline in the market value of the investments is taken as an impairment indicator. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(x) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

Note 2 Financial risk management

The Group has exposure to a variety of risks arising from its use of financial instruments. This note presents information about the Group's exposure to the specific risks, and the policies and processes for measuring and managing those risks. The Board has the overall responsibility for the risk management framework.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from transactions with customers and investments.

Trade and other receivables

The receivables that the Group does experience through its normal course of business are short term in nature and the risk of non recovery of receivables is considered to be negligible. The Board does not consider there to be a significant exposure to credit risk in relation to trade and other receivables.

Cash at bank

The Group's primary banker is Westpac Banking Corporation. At reporting date all operating accounts are with this bank, other than funds transferred to Namibia to meet the working capital needs of the controlled entity, Reptile Uranium Namibia (Pty) Ltd. The cash needs of the controlled entity's operations are monitored by the parent company and funds are advanced to the Namibian operations as required.

The Directors believe this is the most efficient method of combining the monitoring and mitigation of potential credit risks arising out of holding cash assets in overseas jurisdictions, and the funding mechanisms required by the Group.

Deposits at call

In addition the Group has a significant amount of cash assets on deposit with two banking organisations in Australia, these organisations being Westpac Banking Corporation Limited and Australia and New Zealand Banking Group Limited. The Board considers these financial institutions, which have ratings of at least A1 from Standard & Poor's, to be appropriate for the management of credit risk with regards to funds on deposit.

Except for the matters above, the Group currently has no significant concentrations of credit risk.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Management manages its liquidity risk by monitoring its cash reserves and forecast spending, and is cognisant of the future demands for liquid financial resources to finance the Group's current and future operations, and consideration is given to the liquid assets available to the Group before commitment is made to future expenditure or investment.

The Group's expenditure commitments are taken into account before entering into fixed term investments and short and medium term exploration programmes are tailored within current cash resources.

The Group's trade payables are settled on 30 day trading terms.

The Board does not consider liquidity risk to be a significant concern for the short to medium term but actively monitors liquid assets in conjunction with the Group's budgeting and reporting process.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising any return.

Interest rate risk

The Group has significant cash assets which may be susceptible to fluctuations in changes in interest rates. Whilst the Group requires the cash assets to be sufficiently liquid to cover any planned or unforeseen future expenditure, which prevents the cash assets being committed to long term fixed interest arrangements; the Group does mitigate potential interest rate risk by entering into short to medium term fixed interest deposits. The Group does not employ interest rate swaps or enter into any other hedging activity with regards to its interest bearing investments.

Currency risk

The Group is exposed to currency risk on financial assets and liabilities held by Group companies in Namibia. Financial assets in overseas Group companies are not generally material in the context of financial instruments entered into by the Group as a whole, as they generally relate to funds advanced to fund short term exploration and administration activities of the overseas operations. Once the funds are expended they are no longer classified as financial assets. Advancing of funds to overseas operations on a needs basis, is an effective method for the management of currency risk.

The Group's investments in overseas subsidiary companies are not hedged as they are considered to be long term in nature.

Equity price risk

The Group is exposed to equity price risk through its holding of investments in the ordinary share capital of a number of entities listed on the Australian Securities Exchange, and through the holding of options to acquire ordinary shares in the same entities. The holdings have generally arisen from the divestment of exploration interests given as consideration and as such have not been acquired under a formal investment strategy. A number of the equity investments are also subject to restriction conditions and as such the Group is limited in its ability to mitigate short term equity risk in these financial assets. Refer to sensitivity analysis in note 18.

Where the equity investments are liquid financial assets, their market values and potential future value to the Group are considered by management when considering whether to divest or retain the assets.

(d) Capital management

The Board's policy is to maintain an adequate capital base so as to maintain investor and creditor confidence, and to sustain future development of the business. The Group does not actively issue dividends; repurchase its own shares or any other form of capital return to shareholders at the current exploration stage of the Group's activities. The Group does not monitor returns on capital or any other financial performance measure as the indicators of success are quantifiable by physical results from operations. The Group manages its funding by way of issue of shares.

The Group does not have capital requirements imposed on it by any external party. It is however exposed to Namibian tax law which has an influence on debt to equity ratios at the Namibian subsidiary level, which are monitored by management and the treatment of investments or other advances for the funding of operations are executed within these guidelines.

The Group's approach to capital management has not changed during the financial year. Capital is comprised of shareholders' equity as disclosed in the balance sheet.

Note 3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

Accounting for capitalised mineral exploration and evaluation expenditure

The Group's accounting policy is stated at note 1(k). A regular review is undertaken of each Area of Interest to determine the reasonableness of the continuing carrying forward of costs in relation to that Area of Interest.

Share based payments

The Group's accounting policy is stated at note 1(o). The Group uses independent advisors to assist in valuing share based payments. Refer note 16 for details of estimates and assumptions used.

Note 4 Operating segments

The Group has identified its operating segments based on internal reports that are used by the executive management team in assessing performance and in determining the allocation of resources. The operating segments are identified based on country of operation as this is the area that has the most effect on allocation of resources. The Group conducts uranium exploration activities in Australia and Namibia.

The following items and associated assets and liabilities are not allocated to operating segments as management do not consider these to be part of the core operations of both segments:

- Interest Income
- Foreign currency gains and losses
- Fair value gains/losses on available for sale assets
- Fair value gains/losses on held for trading assets
- Liabilities are not allocated to the segments as they are not monitored by the executive management team on a segment by segment basis

Note 4 Operating segments (Cont'd)

	Australia \$	Namibia \$	Total \$
Year Ended 30 June 2011			
Revenue			
Other income	227,577	-	227,577
Unallocated			
Interest income			1,214,316
Total revenue			1,441,893
Profit and Loss			
Pre-tax segment profit and loss	(6,061,718)	(527,140)	(6,588,858)
Unallocated			
Interest income			1,214,316
Fair value gain on held for trading assets			230,000
Income tax benefit			1,581,488
Total Comprehensive loss after income tax			(3,563,054)
Year Ended 30 June 2011			
Segment Assets			
Segment operating assets	42,715,508	81,618,130	124,333,638
Unallocated assets			
Cash			11,033,098
Receivables			4,881,356
Held for trading financial assets			258,000
Available for sale financial assets			272,667
Total assets			140,778,759
	Australia \$	Namibia \$	Total \$
Year Ended 30 June 2010			
Revenue			
Other income	99,310	-	99,310
Unallocated			
Interest income			1,873,970
Total revenue			1,973,280
Profit and Loss			
Pre-tax segment profit and loss	(4,291,302)	(1,864,661)	(6,155,963)
Unallocated			
Interest income			1,873,970
Fair value loss on held for trading assets			(89,800)
Decline in available for sale financial assets			(133,067)
Income tax expense			(3,562)
Total Comprehensive loss after income tax			(4,508,422)
Year Ended 30 June 2010			
Segment Assets			
Segment operating assets	42,195,751	73,961,437	116,157,188
Unallocated assets			
Cash			27,575,628
Receivables			4,414,899
Held for trading financial assets			28,000
Available for sale financial assets			330,533
Total assets			148,506,248

Note 5 Revenue and other income

	Consolidated	
	2011	2010
	\$	\$
<i>a) Revenue</i>		
Interest received and receivable	1,214,316	1,873,970
	1,214,316	1,873,970
<i>b) Other income</i>		
Gain on sale of investment	221,852	60,977
Distribution from creditors trust	5,725	38,333
	227,577	99,310

Note 6 Expenses

	Consolidated	
	2011	2010
	\$	\$
<i>Loss before income tax includes the following specific expenses:</i>		
Impairment expense and fair value movements:		
Impairment on available for sale financial assets (note 11)	-	133,067
Fair value changes in held for trading financial assets (note 10)	(230,000)	89,800
Total Impairment Expense and Fair Value Movements	(230,000)	222,867
Depreciation expense:		
Office equipment and fittings	68,550	97,373
Motor vehicles	171,497	203,621
Site equipment	196,156	202,179
Buildings	56,808	57,777
Total Depreciation and Amortisation Expenses	493,011	560,950
Employee expenses:		
Wages, salaries and fees	1,664,587	1,084,213
Superannuation	107,452	40,460
Share based payments	232,920	2,039,173
Total Employee Expenses	2,004,959	3,163,846
Rental expenses on operating leases	120,590	115,958

Note 7 Income tax

	Consolidated	
	2011	2010
	\$	\$
<i>a) Income tax expense</i>		
<i>Current income tax:</i>		
Current income tax charge (benefit)	(1,673,277)	(1,874,415)
Utilised against future income tax charge	1,673,277	1,874,415
Under / (over) provision in prior year	(727,396)	(158,145)
<i>Deferred income tax:</i>		
Relating to origination and reversal of timing differences	(1,432,837)	(464,030)
Under / (over) provision in prior year	369,248	625,737
Carry forward tax losses not brought to account	209,497	-
Income tax expense / (benefit) reported in the statement of comprehensive income	(1,581,488)	3,562
<i>b) Reconciliation of income tax expense to prima facie tax payable</i>		
Profit / (Loss) before income tax expense	(5,144,542)	(4,504,860)
Tax at the Australian rate of 30% (2010 – 30%)	(1,543,363)	(1,351,458)
Effect of tax rates in foreign jurisdictions*	7,532	12,412
<i>Tax effect:</i>		
Non-deductible share based payment	69,876	609,433
Other expenditure not deductible	102,118	198,723
Tax expense on fair value of trading financial assets	(69,000)	-
Tax benefit on Impairment of financial assets	-	66,860
Under / (over) provision in prior year	(358,148)	467,592
Carry forward tax losses not brought to account	209,497	-
Tax expense / (benefit)	(1,581,488)	3,562

- The Namibian subsidiaries operate in a tax jurisdiction with higher corporate tax rates.

Note 7 Income tax (Cont'd)

	Consolidated	
	2011	2010
	\$	\$
<i>c) Deferred tax – Balance Sheet</i>		
<i>Liabilities</i>		
Prepayments	2,722	22,834
Accrued Income	40,787	289,173
Capitalised exploration and evaluation expenditure	9,438,210	9,216,670
	9,481,719	9,528,677
<i>Assets</i>		
Revenue losses available to offset against future taxable income	9,514,355	8,579,047
Income recognised in advance for tax	75,000	75,000
Accrued expenses	89,069	-
Deductible equity raising costs	12,792	20,538
Carry forward tax losses not brought to account	(209,497)	-
	9,481,719	8,674,585
Net deferred tax asset (liability)	-	(854,092)
<i>d) Deferred tax – Statement of Comprehensive Income</i>		
<i>Liabilities</i>		
Prepayments	(20,112)	(4,874)
Accrued Income	(248,386)	-
Capitalised exploration expenses	221,540	1,785,845
<i>Assets</i>		
Accruals	(89,069)	242,078
Deductible equity raising costs	7,746	13,073
Decrease/(Increase) in tax losses carried forward	(725,811)	(1,874,415)
Deferred tax expense / (benefit)	(854,092)	161,707

e) Unrecognised temporary differences

At 30 June 2011, there are no unrecognised temporary differences associated with the Group's investments in subsidiaries, associate or joint venture, as the Group has no liability for additional taxation should unremitted earnings be remitted (2010: Nil).

Note 8 Current assets - Cash and cash equivalents

	Consolidated	
	2011	2010
	\$	\$
Cash at bank and in hand	4,033,098	6,075,628
Deposits	7,000,000	21,500,000
	11,033,098	27,575,628

The carrying amounts of cash and cash equivalents represent fair value. See note 18 for the Group's fair value disclosures. Cash at bank and in hand and deposits at call earn interest at fixed and floating rates based on variable bank deposit rates.

(a) Reconciliation to cash and cash equivalents at the end of the year

Cash and cash equivalents	11,033,098	27,575,628
Other short term bank deposits (Note 9)	2,020,000	2,000,000
Balance per cash flow statement	13,053,098	29,575,628

Note 9 Current assets – Trade, other receivables and other assets

	Consolidated	
	2011	2010
	\$	\$
<i>a) Receivables</i>		
GST recoverable	2,707,693	1,856,460
Other receivables	153,663	558,439
Other short term bank deposits	2,020,000	2,000,000
	4,881,356	4,414,899
<i>b) Other assets</i>		
Environmental, tenement and vehicle bonds	316,170	335,613
Prepayments	140,000	103,152
	456,170	438,765

GST recoverable relates to Australia and Namibia. Interest is not normally charged and collateral is not normally obtained.

Other receivables include interest receivable on deposits at call.

Note 10 Current assets – Held for trading financial assets

	Consolidated	
	2011	2010
	\$	\$
Financial assets at fair value through profit and loss:		
Rum Jungle Uranium Limited Options	258,000	28,000
	258,000	28,000

The unlisted options have been valued using the Black Scholes option pricing model. The fair value was partly determined in reference to published price quotation. The options have been brought to account at the valuation on receipt and subsequently revalued at the balance date using the binomial option valuation method. Details of the Group's exposure to price risk in respect of its Financial Assets are set out in Note 18.

Basis and assumptions used in the valuation of options:

Group	Date granted	Number of options granted	Exercise price (cents)	Expiry date	Risk free interest rate used	Volatility applied	Option valuation (cents)
Rum Jungle Uranium Limited	14-Nov-07	2,000,000	25.0	02-Nov-12	4.74%	100%	12.9

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

	Consolidated	
	2011	2010
	\$	\$
Value of investments at the start of the reporting period	28,000	117,800
Fair value gain / (loss) recognised during the reporting period (note 6)	230,000	(89,800)
	258,000	28,000

Note 11 Non-current assets – Available for sale investments

	Consolidated	
	2011	2010
	\$	\$
Available for sale investments at market value:		
Toro Energy Limited	214,667	208,533
Rum Jungle Uranium Limited	-	98,000
Rox Resources Limited	58,000	24,000
	272,667	330,533

Note 11 Non-current assets – Available for sale investments (Cont'd)

The above investments are stated at the closing market price at the balance date. A reconciliation of movements in available for sale investments, is as follows:

	Consolidated	
	2011	2010
	\$	\$
Value of investments at the start of the reporting period	330,533	822,427
Investments disposed during the reporting period		
Rum Jungle Uranium Limited	(97,999)	-
WCP Resources Limited	-	(38,443)
Net impairment expense recognised during the reporting period (Note 6)	-	(133,067)
Net fair value movement from equity during the reporting period (Note 17)	40,133	(320,384)
	272,667	330,533

Note 12 Non-current assets – Property, plant and equipment

	Consolidated	
	2011	2010
	\$	\$
<i>Buildings</i>		
At cost	1,425,588	1,549,030
Accumulated depreciation	(232,816)	(190,872)
	1,192,772	1,358,158
<i>Office equipment and fittings</i>		
At cost	444,770	437,309
Accumulated depreciation	(355,853)	(301,131)
	88,917	136,178
<i>Motor vehicles</i>		
At cost	871,166	920,500
Accumulated depreciation	(663,490)	(568,665)
	207,676	351,835
<i>Site equipment</i>		
At cost	986,909	1,045,655
Accumulated depreciation	(623,128)	(464,079)
	363,781	581,576
	1,853,146	2,427,747
Reconciliation		
<i>Buildings</i>		
Net book value at start of the year	1,358,158	1,448,579
Exchange adjustment	(108,578)	(35,280)
Additions	-	2,636
Depreciation	(56,808)	(57,777)
Net book value at end of the year	1,192,772	1,358,158
<i>Office equipment and fittings</i>		
Net book value at start of the year	136,178	200,786
Exchange adjustment	(3,789)	(2,734)
Additions	25,547	35,499
Disposals	(469)	-
Depreciation	(68,550)	(97,373)
Net book value at end of the year	88,917	136,178
<i>Motor vehicles</i>		
Net book value at start of the year	351,835	503,833
Exchange adjustment	(18,647)	(8,238)
Additions	83,256	59,861
Disposals	(37,271)	-
Depreciation	(171,497)	(203,621)
Net book value at end of the year	207,676	351,835
<i>Site equipment</i>		
Net book value at start of the year	581,576	747,423
Exchange adjustment	(37,383)	(17,537)
Additions	18,521	53,869
Disposals	(2,777)	-
Depreciation	(196,156)	(202,179)
Net book value at end of the year	363,781	581,576

No items of property, plant and equipment have been pledged as security by the Group.

Note 13 Non-current assets – Capitalised mineral exploration and evaluation expenditure

	Consolidated	
	2011 \$	2010 \$
<i>In the exploration and evaluation phase</i>		
Cost brought forward	113,290,676	98,196,751
Exploration expenditure incurred during the year at cost	10,893,590	14,829,146
Tenements acquired during the year	-	1,300,000
Exploration expenditure written off	(2,159,944)	(1,035,221)
Cost carried forward	122,024,322	113,290,676

Exploration expenditure written off was as a result of tenements surrendered or applications withdrawn or refused during the year and is the total accumulated expenditure to date of surrender, withdrawal or refusal.

The recoverability of capitalised mineral exploration and evaluation expenditure is dependent on the successful development and commercial exploitation, or alternatively the sale, of the respective Area of Interest.

A summary of capitalised mineral exploration and evaluation expenditure by country of operation and State is as follows:

	Consolidated	
	2011 \$	2010 \$
Australia		
Northern Territory	7,450,352	9,013,379
Queensland	34,469,305	32,167,806
Namibia	80,104,665	72,109,491
Cost carried forward	122,024,322	113,290,676

Note 14 Current liabilities – Trade and other payables

	Consolidated	
	2011 \$	2010 \$
Trade payables and accruals	1,280,108	1,170,854
Other payables	87,916	129,411
Employee leave liabilities	289,762	188,264
	1,657,786	1,488,529

Trade payables and accruals are non interest bearing and normally settled on 30 day terms.

Details of the Group's exposure to interest rate risk and fair value in respect of its liabilities are set out in note 18. There are no secured liabilities as at 30 June 2011.

Note 15 Contributed equity

	Consolidated		Consolidated	
	2011 No.	2010 No.	2011 \$	2010 \$
<i>a) Share capital</i>				
Issued share capital	1,127,534,458	1,125,814,458	195,967,551	194,801,070
<i>b) Share movements during the year</i>				
		<i>Issue price (cents)</i>		
At the beginning of the year	1,125,814,458	1,123,376,958	194,801,070	193,696,974
Issued on exercise of options	1,720,000	2,437,500	473,000	670,313
Add: transfer from equity compensation reserve in respect of options exercised (note 17)	-	-	315,084	433,783
Less: costs related to shares issued	-	-	-	-
At the end of the year	1,127,534,458	1,125,814,458	195,589,154	194,801,070

c) Ordinary shares

The Holding Company, Deep Yellow Limited is incorporated in Perth, Western Australia.

The Holding Company's shares are limited whereby the liability of its members is limited to the amount (if any) unpaid on the shares respectively held by them. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Note 15 Contributed equity (Cont'd)

d) Share based payment plans

The previous option plan was replaced by an awards plan which allows the offer of either options or share rights. Options over unissued shares are issued and share rights are granted at the discretion of the Board. Information relating to options issued and share rights granted are set out in note 16.

Note 16 Share based payment plans

a) Recognised share based payment expenses

The expense recognised for employee services received during the year is shown in the table below:

	Consolidated	
	2011 \$	2010 \$
Expense arising from equity-settled share based payment transactions	232,920	2,039,173

The Company has implemented a new long-term incentive plan. On 18 November 2010, the Awards Plan was approved by shareholders at the Company's Annual General Meeting. The Awards Plan has the ability to offer options or share rights to an Eligible Person.

b) Types of share based payments

Share options

The options over unissued shares in the Company are not listed. The awards are at a fixed price in accordance with the terms of the grant and aim to align remuneration with shareholder wealth over the long-term. The exercise price of each option is determined by the Board with reference to the average closing sale price of the Company's shares on the ASX. As options issued are part of a remuneration or incentive package, in all instances, the exercise price has been set at a premium to the market price of the Company's shares at the date of issue. The vesting period is determined by the Board prior to the offer of the relevant options, subject to any restriction in the Corporations Act from time to time. If at any time prior to the Vesting Date an employee voluntarily resigns from employment with the Group or is terminated the whole of the options issued to that employee automatically lapse and are forfeited, subject to the discretion of the Board. There are no cash settlement alternatives.

Share rights

Awards are made in order to align remuneration with shareholder wealth over the long-term and assist in attracting and retaining talented employees. Share Rights are granted under the Awards Plan for no consideration. Each right upon vesting entitles the holder to one fully paid ordinary share in the capital of the Company if certain time and market price measures are met in the measurement period. It has no opportunity to retest and is issued with an exercise price greater than the market price at the time to ensure a benefit is only received when shareholder wealth increases.

The Share Rights issued to employees in 2011 are subject to a combination of conditions:

- Time-based conditions which prescribe a period of time that the employee must stay employed by the Company prior to automatic vesting.
- Market price condition measures the increase in share price of the Company. Share Rights subject to the Market Price Condition will vest if, at the end of the measurement period, the Share price of the Company is 20% above the market price as at the date of the offer.

The Share Rights issued to Directors in 2011 are subject to a combination of conditions as outlined in the Remuneration Report.

If at any time prior to the Vesting Date an employee voluntarily resigns from employment with the Group or is terminated the Share Rights automatically lapse and are forfeited, subject to the discretion of the Board.

c) Summary of options granted under the Awards Plan

The following table illustrates the number (No.) and weighted average exercise price (WAEP) of, and movements in, share options during the year:

	2011		2010	
	No.	WAEP (cents)	No.	WAEP (cents)
Options outstanding at the start of the year	41,047,500	45.93	56,425,000	48.37
Options granted	-	-	7,275,000	42.65
Options exercised	(1,720,000)	27.50	(2,437,500)	27.50
Options lapsed	(1,455,000)	47.65	(515,000)	53.48
Options expired	(29,632,500)	48.74	(19,700,000)	53.93
Options outstanding at the end of the year	8,240,000	39.35	41,047,500	45.93

The holders of options are not entitled to any voting rights nor may they participate in any share issue of the Company until the options are exercised.

Note 16 Share based payment plans (Cont'd)

d) Options on issue at the reporting date

The number of options outstanding at 30 June 2011 is 8,240,000 (2010: 41,047,500). The terms of these options are shown in the table below. Options issued to Executive Directors, employees and consultants are subject to various vesting conditions as indicated in the table below and description above.

Number of Options On Issue	Exercise Price	Expiry Date	Vest Period
1,300,000	27.5 cents	31-Dec-11	Now vested
440,000	27.5 cents	30-Jun-12	Now vested
2,550,000	35.0 cents	30-Jun-12	Now vested
3,325,000	45.0 cents	30-Jun-12	Now vested
625,000	60.0 cents	30-Jun-12	Now vested
8,240,000			

e) Weighted average fair value

There were no options granted during the year. (The weighted average fair value of options granted during 2010 was 18.69 cents).

f) Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 30 June 2011 is 11.05 months (2010: 12.06 months)

g) Basis and assumptions used in the valuation of options.

There were no options granted during the year.

The following options were granted and independently valued during 2010 using the binomial option valuation methodology.

Date granted	Number of options granted	Exercise price (cents)	Expiry date	Risk free interest rate used	Volatility applied	Option valuation (cents)
1 August 2009	2,650,000	35.0	30-Jun-12	4.36%	90%	20.1
1 August 2009	4,000,000	45.0	30-Jun-12	4.36%	90%	18.2
1 August 2009	625,000	60.0	30-Jun-12	4.36%	90%	15.9
	7,275,000					

The weighted average exercise price of options granted in the above table is 42.65 cents.

No dividend yield was incorporated into the above option valuations.

The expected life of the options is based upon historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects an assumption that the historical volatility is indicative of future trends, which may also not be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

h) Summaries of share rights granted under the Awards Plan

The following table illustrates the number (No.) and movements in, share rights issued during the year (2010:N/A):

	2011 No.
Granted during the year	4,785,700
Forfeited during the year	(270,440)
Vested during the year	-
Outstanding at the end of the year	4,515,260

Subsequent to the reporting date and prior to signing this report, 1,000,000 rights were granted, 107,150 forfeited and 971,945 vested.

i) Outstanding share rights balance at 30 June 2011

Number	Date rights granted	Vesting date	Vesting Condition
612,955	3-Feb-11	1-Aug-11	Time based
577,395	3-Feb-11	1-Aug-12	Time based
494,910	3-Feb-11	1-Aug-12	Market price
180,000	25-Feb-11	1-Jul-11	Time and performance based
80,000	25-Feb-11	30-Nov-11	Time based
320,000	25-Feb-11	30-Nov-11	Market price
300,000	25-Feb-11	30-Jun-13	Time based
1,200,000	25-Feb-11	30-Jun-13	Market price
150,000	25-Feb-11	1-Jul-13	Time based
600,000	25-Feb-11	1-Jul-13	Market price
4,515,260			

Note 16 Share based payment plans (Cont'd)

j) Weighted average remaining contractual life

The weighted average remaining contractual life for the share rights outstanding as at 30 June 2011 is 15.63 months (2010:N/A).

k) Weighted average fair value

Weighted average fair value of share rights granted during the year was 29.24 cents.

Rights pricing model

The fair value of the share rights granted under the plan is estimated as at the grant date.

The following table lists the inputs to the model used for the year ended 30 June 2011 (30 June 2010: N/A)

	Grants	
	3 February 2011	25 February 2011
Rights pricing model	Hoadley's Barrier 1 binomial	Monte Carlo simulation under Black Scholes framework
Dividend yield (%)	Zero	Zero
Expected volatility (%)	90	89.85
Risk-free interest rate (%)	5.31	5.058
Expected life of rights (years)	7	2.86 – 7.0
Closing share price at grant date (cents)	37	30.5

Note 17 Reserves and accumulated losses

2011	Consolidated			
	Accumulated losses	Employee equity benefits reserve (i)	Asset fair value adjustment reserve (ii)	Foreign Currency Translation Reserve (iii)
	\$	\$	\$	\$
Balance at 1 July 2010	(58,895,066)	9,954,625	-	302,998
Loss for year	(3,563,054)	-	-	-
Share based payments/(forfeitures)	-	(239,002)	-	-
Transfer to issued capital in respect of options exercised (i)	-	(315,084)	-	-
Recognition of share rights issued	-	471,922	-	-
Adjustment to fair value of available for sale assets	-	-	40,133	-
Movement for the year	-	-	-	(4,225,653)
Balance at 30 June 2011	(62,458,120)	9,872,461	40,133	(3,922,655)

2010	Consolidated			
	Accumulated Losses	Employee equity benefits reserve (i)	Asset fair value adjustment reserve (ii)	Foreign Currency Translation Reserve (iii)
	\$	\$	\$	\$
Balance at 1 July 2009	(54,386,644)	8,349,235	320,384	523,878
Loss for year	(4,508,422)	-	-	-
Recognition of options issued	-	2,039,173	-	-
Transfer to issued capital in respect of options exercised (i)	-	(433,783)	-	-
Adjustment to fair value of available for sale assets	-	-	(320,384)	-
Movement for the year	-	-	-	(220,880)
Balance at 30 June 2010	(58,895,066)	9,954,625	-	302,998

(i) Employee equity benefits reserve

The employee equity benefits reserve is used to recognise the fair value of options and share rights issued as remuneration. Options exercised during the year have been previously recognised as an expense and included in the reserve. A transfer is now required from the Employee equity benefits reserve to contributed equity (note 15).

(ii) Asset fair value adjustment reserve

The asset fair value adjustment reserve is used to recognise adjustments to the fair values of available for sale investment assets until the asset is sold or impaired. See note 1(t) for detail of the accounting policy.

(iii) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. The majority of the movement arises from the translation of assets recorded in Namibian dollars.

Note 18 Financial instruments

Details of the financial risks that the Group is exposed to and the Board's assessment and management of those risks are disclosed in note 2.

Credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Consolidated	
	2011 \$	2010 \$
Cash and cash equivalents	11,033,098	27,575,628
Trade and other receivables	4,881,356	4,414,899
	15,914,454	31,990,527

The Group has no trade receivables at the reporting date.

Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due. The Group's only liabilities are short term trade and other payables and therefore does not have any contractually fixed pay-offs, repayments and interest resulting from financial liabilities. The Group manages its liquidity risk by monitoring the total cash inflows and outflows on a quarterly basis.

Currency risk

As a result of significant investment in Namibia, the Group's balance sheet can be affected significantly by movements in the Namibian dollar / Australian dollar exchange rates. The Group does not consider there to be a significant exposure to the Namibian dollar as it represents the functional currency of a controlled entity.

Interest rate risk

At the reporting date the interest rate profile of the Group's interest bearing financial instruments was:

	Consolidated	
	2011 \$	2010 \$
Cash and cash equivalents	11,033,098	27,575,628

Cash flow sensitivity analysis for variable rate instruments

A change of 1% in interest rates at the reporting date as per management's best estimate would have increased/(decreased) other comprehensive income and profit and loss by the amounts shown below. This analysis assumes all other variables remain constant. The same sensitivity analysis has been performed for the comparative reporting date.

	Profit and loss		Other Comprehensive Income	
	1% Increase	1% Decrease	1% increase	1% Decrease
30 June 2011				
Cash and cash equivalents	110,331	(110,331)	-	-
30 June 2010				
Cash and cash equivalents	275,756	(275,756)	-	-

Price risk

Price risk is the risk that the Group's financial position will be adversely affected by movements in the market value of its financial assets.

The financial instruments exposed to movements in market value are as follows:

	Consolidated	
	2011 \$	2010 \$
Available-for-sale investments	272,667	330,533
Financial assets held for trading	258,000	28,000
	530,667	358,533

Note 18 Financial instruments (Cont'd)

The following tables summarise the sensitivity of financial instruments held at balance date to movements in the market price, with all other variables held constant, based on a 10% sensitivity. This has been determined based on management's best estimate.

	Impact on Other Comprehensive Income Consolidated	
	2011	2010
	\$	\$
Available-for-sale investments		
Market price +10%	27,267	33,053
Market price -10%	(27,267)	(33,053)

Equity represents the fair value adjustment reserve.

	Impact on profit and loss Consolidated	
	2011	2010
	\$	\$
Financial assets held for trading		
Market price +10%	25,800	2,800
Market price -10%	(25,800)	(2,800)

Fair values

Fair values versus carrying amounts

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

Consolidated	2011		2010	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
Cash and cash equivalents	11,033,098	11,033,098	27,575,628	27,575,628
Trade and other receivables	4,881,356	4,881,356	4,414,899	4,414,899
Held for trading financial assets	258,000	258,000	28,000	28,000
Available for sale investments	272,667	272,667	330,533	330,533
Trade and other payables	(1,657,786)	(1,657,786)	(1,300,265)	(1,300,265)
	14,787,335	14,787,335	31,048,795	31,048,795

Determination of fair values

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

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

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.

As of 1 July 2009, the Group has adopted the amendments to AASB 7 Financial Instruments: Disclosures, which require disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

Note 18 Financial instruments (Cont'd)

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

Consolidated

30 June 2011	Quoted market price (Level 1)	Valuation technique – market observable inputs (Level 2)	Total
Financial Assets			
Held for trading	-	258,000	258,000
Available for sale	272,667	-	272,667
Total	272,667	258,000	536,667

30 June 2010	Quoted market price (Level 1)	Valuation technique – market observable inputs (Level 2)	Total
Financial Assets			
Held for trading	-	28,000	28,000
Available for sale	330,533	-	330,533
Total	330,533	28,000	358,533

The held for trading financial assets (options) held by the Group are not traded on a recognised exchange and therefore their fair value has been determined using valuation techniques which are based on observable inputs such as the share price of the entity to which the options relate. The fair values of the held for trading financial assets have been calculated using a Black Scholes option pricing model.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes only, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Note 19 Dividends

No dividends were paid or proposed during the financial year (2010: Nil).

The Company has no franking credits available as at 30 June 2011 (2010: Nil).

Note 20 Key Management Personnel disclosures

(a) Compensation of key management personnel

	Consolidated	
	2011 \$	2010 \$
Short-term employee benefits	1,691,576	1,344,116
Post employment benefits	357,093	57,472
Long-term employee benefits	13,644	7,226
Share based payment	199,968	93,773
Total compensation	2,262,281	1,502,587

Note 20 Key Management Personnel disclosures (Cont'd)

(b) Interest in Securities

Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each Director of the Company and other Key Management Personnel of the Group, are set out below:

2011 Name	Balance at start of the year	Granted as remuneration during the year	Exercised during the year	Net other changes during the year (iv)	Balance at the end of the year	Vested and exercisable at the end of the year
Directors						
Mervyn Greene	-	-	-	-	-	-
Greg Cochran (i)	-	-	-	-	-	-
Martin Kavanagh	5,900,000	-	-	(5,900,000)	-	-
Gillian Swaby	-	-	-	-	-	-
Rudolf Brunovs	-	-	-	-	-	-
Patrick Mutz (ii)	-	-	-	-	-	-
Tony McDonald (iii)	-	-	-	-	-	-
Other Key Management Personnel						
Leon Pretorius	7,500,000	-	-	(7,500,000)	-	-
Mark Pitts	1,025,000	-	-	(900,000)	125,000	125,000

- (i) Appointed 24 January 2011.
(ii) Resigned as Group Managing Director on 12 January 2011.
(iii) Resigned 31 December 2010.
(iv) Includes expired options during the year.

2010 Name	Balance at start of the year	Granted as remuneration during the year	Exercised during the year	Net other changes during the year (iii)	Balance at the end of the year	Vested and exercisable at the end of the year
Directors						
Mervyn Greene	3,000,000	-	-	(3,000,000)	-	-
Martin Kavanagh	11,800,000	-	-	(5,000,000)	6,800,000	5,900,000
Gillian Swaby	3,000,000	-	-	(3,000,000)	-	-
Rudolf Brunovs	-	-	-	-	-	-
Patrick Mutz (i)	-	-	-	-	-	-
Tony McDonald	-	-	-	-	-	-
Leon Pretorius (ii)	14,650,000	-	-	(5,000,000)	9,650,000	7,500,000
Other Key Management Personnel						
M Pitts	1,725,000	50,000	-	(750,000)	1,025,000	1,025,000

- (i) Appointed 1 March 2010.
(ii) Retired as Group Managing Director on 1 March 2010 but continues to be a KMP.
(iii) Includes forfeitures during the year.

Details of the options granted during the year ended 30 June 2010 are as follows:

The 50,000 options issued to M Pitts with an exercise price of 35 cents each are exercisable upon the conditions as indicated in the Option Agreement and until 30 June 2012 (refer note 16).

Share Rights

The numbers of share rights held during the financial year by Directors and other Key Management Personnel of the Group, are set out below:

2011 Name	Balance at start of the year	Granted as remuneration during the year	Vested as shares during the year	Balance at the end of the year
Directors				
Greg Cochran (i)	-	1,500,000	-	1,500,000
Martin Kavanagh	-	1,330,000	-	1,330,000
Other Key Management Personnel				
Mark Pitts	-	148,800	-	148,800

- (i) Appointed 24 January 2011.

Note 20 Key Management Personnel disclosures (Cont'd)

Share holdings

The number of shares in the Company held during the financial year by Directors and other Key Management Personnel of the Group, including their personally related parties are set out below. There were no shares granted during the reporting period as compensation.

2011 Name	Balance at start of the year	Received during the year on exercise of options	Other changes during the year	Balance at the end of the year
Directors				
Mervyn Greene	74,316,667	-	(22,825,000)	51,491,667
Greg Cochran (i)	-	-	100,000	100,000
Martin Kavanagh	487,500	-	-	487,500
Gillian Swaby	50,000,000	-	-	50,000,000
Rudolf Brunovs	125,000	-	-	125,000
Tony McDonald (ii)	866,666	-	35,001	901,667
Other Key Management Personnel				
Leon Pretorius	73,981,124	-	-	73,981,124

(i) Appointed 24 January 2011

(ii) Resigned 31 December 2010.

2010 Name	Balance at start of the year	Received during the year on exercise of options	Other changes during the year	Balance at the end of the year
Directors				
Mervyn Greene	74,316,667	-	-	74,316,667
Martin Kavanagh	487,500	-	-	487,500
Gillian Swaby (i)	19,222,570	-	30,777,430	50,000,000
Rudolf Brunovs	125,000	-	-	125,000
Patrick Mutz (ii)	-	-	-	-
Tony McDonald	866,666	-	-	866,666
Leon Pretorius (iii)	73,981,124	-	-	73,981,124
Other Key Management Personnel				
M Pitts	-	-	-	-

(i) 12,311,378 shares have been transferred back to G Swaby as part of a confidential settlement reached with Lift Capital Partners Pty Ltd and a creditor of Lift Capital Partners Pty Ltd. A further 18,465,702 shares have been acquired through on-market trade during the year.

(ii) Appointed 1 March 2010.

(iii) Resigned 1 March 2010. Continues to be a Key Management Person as Managing Director of Reptile Uranium Namibia (Pty) Ltd.

Other changes during the year occurred on an arm's length basis.

c) Loans made to Key Management Personnel

No loans were made to any Director or Key Management Personnel or any of their related entities during the reporting period.

d) Other transactions with Key Management Personnel

During the year the Company leased a property in Perth on commercial terms from Dr L Pretorius for \$60,000 (2010: \$60,000).

Mr Patrick Mutz's spouse is an independent travel consultant for TravelManagers Australia Pty Ltd. TravelManagers provided travel agent services in relation to international travel undertaken by Mr Mutz during the year. All amounts paid for travel were on normal commercial terms.

Note 21 Remuneration of auditors

The auditor of the Deep Yellow Limited Group is Ernst & Young

Amounts received or due and receivable by Ernst & Young for:

Audit or review of the financial report of the entity and any other entity in the Consolidated Group

Taxation and other services in relation to the entity and any other entity in the Consolidated Group

Consolidated	
2011 \$	2010 \$
77,807	67,926
27,378	22,557
105,185	90,483

Note 22 Contingencies

(i) Contingent liabilities

There were no material contingent liabilities as at 30 June 2011 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 assets

There were no material contingent assets as at 30 June 2011.

Note 23 Commitments

(a) Exploration

The Group has certain obligations to perform minimum exploration work on mineral leases held. These obligations may vary over time, depending on the Group's exploration programmes and priorities and may be reduced by the surrendering of tenements. As at balance date, total exploration expenditure commitments on tenements held by the Group have not been provided for in the financial statements and which cover the following twelve month period amount to \$1,595,725 (2010: \$1,899,000). These obligations are also subject to variations by farm-out arrangements or sale of the relevant tenements. This commitment does not include the expenditure commitments which are the responsibility of the joint venture partners. Refer note 27 for details.

The Group has 100% ownership of four Exclusive Prospecting Licences (EPL's) through its controlled Namibian entity Reptile Uranium Namibia (Pty) Ltd (RUN). As part of the acquisition agreement and in consideration for acquiring all the rights, title and interests in the EPL's, the Group agreed to provide the vendors with an earn out right, as part of the purchase consideration, in certain circumstances. The 'Earn out Agreement' provides the vendors with the right to receive earn-out payments in accordance with a set formula equal to 1.5% of the in-ground value of any uranium within the area of the EPL's upon completion of a definitive feasibility study and the making of a decision to mine. The Group has, at its election, the option of satisfying the 'earn out payment' either through payment of cash, the issue of shares or a combination of both. Since the date of acquisition and up to the date of this report there has been no decision made or study completed which would give rise to a liability.

The Group acquired tenements EL24246 and EL9890 and in consideration for the transfer of the tenements, the Group has agreed to pay the Vendor a royalty. The Vendor is entitled to the royalty from the commencement of commercial production on the tenements in accordance with a set formula equal to 2% of the Total Sales Return generated from the sale of any product. The Royalty shall be calculated by the Group each calendar year and paid within 30 days of the end of the Royalty Period. Since the date of acquisition and up to the date of this report, there has been no commercial production on either tenement which would give rise to a liability.

(b) Operating lease commitments

Commitments for minimum lease payments in relation to non-cancellable operating leases are as follows:

	Consolidated	
	2011	2010
	\$	\$
Within one year	139,681	134,123
Later than one year but not later than five years	297,641	258,907
	<u>437,322</u>	<u>393,030</u>

(c) Remuneration commitments

	Consolidated	
	2011	2010
	\$	\$
Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities, payable:		
Within one year	<u>1,046,675</u>	<u>1,009,250</u>

Amounts disclosed as remuneration commitments include commitments arising from the service contracts of Key Management Personnel referred to in the Remuneration Report of the Director's Report that are not recognised as liabilities and are not included in the compensation of Key Management Personnel.

(d) Contractual commitments

There are no contracted commitments other than those disclosed above.

Note 24 Related party transactions

There were no related party transactions during the year other than those disclosed in Note 20 on Key Management Personnel.

Note 25 Controlled entities

Controlled Entity	Country of Incorporation	2011		2010	
		Proportion of share capital owned %	Carrying value of investment \$	Proportion of share capital owned %	Carrying value of investment \$
Deep Yellow Namibia (Pty) Ltd	Mauritius	100	51,275,587	100	51,275,587
Superior Uranium Pty Ltd	Australia	100	9,592,559	100	9,592,559
Raptor Minerals Limited	British Virgin Islands	100	-	100	-
Reptile Mineral Resources and Exploration(Pty) Ltd	Namibia	100	-	100	-
Reptile Uranium Namibia (Pty) Ltd	Namibia	100	-	100	-
			60,868,146		60,868,146

Note 26 Parent Entity Information

Information relating to Deep Yellow Limited:	2011	2010
	\$	\$
Current assets	11,875,885	25,865,561
Total assets	149,936,350	152,492,405
Current liabilities	618,459	819,983
Total liabilities	618,459	819,983
Issued capital	195,589,154	194,801,070
Retained earnings	(56,183,857)	(53,083,273)
Equity compensation reserve	9,872,461	9,954,625
Asset fair value adjustment reserve	40,133	-
Total shareholders' equity	149,317,891	151,672,422
Profit/(loss) of the parent entity	(2,934,597)	(2,722,101)
Total comprehensive loss of the parent entity	(2,894,464)	(3,042,485)

Contingent liabilities of the parent entity

Native title claims have been made with respect to areas which include tenements in which the parent entity has an interest. The parent entity 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 parent entity 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 parent entity has an interest.

Tax consolidation

(i) Members of the tax consolidated group and the tax sharing arrangement

Deep Yellow Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 2 February 2007. Deep Yellow Limited is the head entity of the tax consolidated group.

Members of the group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

The amounts receivable or payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

(ii) Tax effect accounting by members of the tax consolidated group

Measurement method adopted under UIG 1052 Tax Consolidated Accounting

The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 *Income Taxes*.

Note 27 Interests in joint ventures

Joint venture agreements have been entered into with third parties, whereby the Group or the third parties can earn an interest in exploration areas by expending specified amounts in the exploration areas.

There are no assets employed by these joint ventures and the Group's expenditure in respect of them is brought to account initially as capitalised exploration and evaluation expenditure. The Group is currently in the earn-in phase of its joint venture agreements.

The Group's interest in joint ventures is as follows:

- On 18 January 2008 the Company agreed terms with Xstrata to acquire the uranium rights on six West Isa tenements by spending \$10,000,000 within 4 years of the commencement date;
- On 3 December 2008 the Company announced that a Heads of Agreement has been signed with Krucible Metals Ltd on the Pilgrim Joint Venture comprising EPM 15072 in North West Queensland. Krucible Metals Ltd can earn a 80% interest in the project by spending a minimum of \$400,000 over a period of four years;

Note 27 Interests in joint ventures (Cont'd)

- On 29 May 2009 the Company announced that it had entered in a joint venture agreement with Toro Energy Ltd through its wholly owned Namibian subsidiary Reptile Mineral Resources and Exploration (Pty) Ltd. The Group earned a 65% interest in three EPL's held by Toro Energy Ltd's Namibian subsidiary Nova Energy Namibia (Pty) Ltd by expending in excess of A\$3,500,000 on exploration;
- On 28 October 2009 the Company announced that the Joint Venture Agreement with Altona Mining Limited (formerly Universal Resources Limited), whereby the Company could earn a 80% interest in uranium and related products, has been finalised. The Company earned a 80% interest in EPM 14367 by expending in excess of \$250,000 on exploration by 31 December 2010; and
- On 13 July 2011 the Company announced that it had entered in a farmin and joint venture agreement with Syndicated Metals Limited over four tenements near Mount Isa in Northwest Queensland. Syndicated Metals can earn up to 80% equity in the non-uranium mineral rights by spending a minimum of \$800,000 over a period of four years.

Note 28 Events occurring after the balance sheet date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Note 29 Reconciliation of loss after tax to net cash outflow from operating activities

	Consolidated	
	2011 \$	2010 \$
Loss from continuing operations after income tax	(3,563,054)	(4,508,422)
Depreciation and amortisation	493,011	560,950
(Profit)/Loss on disposal of fixed assets	21,322	-
Exploration costs written off	2,159,944	1,035,221
Impairment expense	-	222,867
Net fair value gain on held for trading financial assets	(230,000)	-
Profit on disposal of investments	(221,852)	(60,977)
Share based payments expense	232,920	2,031,444
<i>Change in operating assets and liabilities:</i>		
(Increase)/ Decrease in receivables	270,490	(558,677)
Increase/(decrease) in deferred tax liability	(854,092)	3,562
(Decrease)/Increase in payables	205,067	(51,028)
Net cash used in operating activities	(1,486,244)	(1,325,060)

Non cash financing and investing activities

The Group has not entered into any transaction during the current or prior financial year which had material non cash components.

Note 30 Earnings per share

	Consolidated	
	2011	2010
<i>a) Basic earnings per share</i>		
Loss attributable to ordinary equity holders of the Company	(0.32) cents	(0.40) cents
<i>b) Diluted earnings per share</i>		
Loss attributable to ordinary equity holders of the Company	(0.32) cents	(0.40) cents
<i>c) Loss used in calculation of basic and diluted loss per share</i>		
Loss from continuing operations after income tax	(3,563,054)	(4,508,422)
<i>d) Weighted average number of shares used as the denominator</i>		
Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share	1,126,594,595	1,124,844,622

There are on issue 8,240,000 options at 30 June 2011 (2010: 41,047,500) which are not considered to be dilutive.

e) Information concerning the classification of securities

Options

Options to acquire ordinary shares granted by the Company and not exercised at the reporting date are considered to be potential ordinary shares. Options with an exercise price above the average market price of the Company's ordinary shares during the year are not considered to be dilutive and accordingly have not been included in the determination of diluted earnings per share. These options have not been included in the determination of basic earnings per share.

Note 30 Earnings per share (Cont'd)

Share Rights

Share rights granted by the Company and not vested at the reporting date are considered to be contingently issuable shares. There are 2,794,910 instruments excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are anti-dilutive for either of the periods presented. These shares have not been included in the determination of basic earnings per share.

365,500 shares were issued on 10 August 2011 and 606,445 shares were issued on 22 August 2011 following the vesting of Share Rights. This would not have a significant impact on the number of ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

Diluted earnings per share is the same as basic earnings per share in 2011 and 2010 as the Group is in a loss position.

17. DIRECTOR'S DECLARATION

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

In the opinion of the Directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date;
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1; and
- (c) subject to the matters outlined in Note 1(a) "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.
- (d) this declaration has been made after receiving the declarations to be made to the Directors in accordance with Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2011.

On behalf of the Board



Greg Cochran
Managing Director
6th day of September 2011.

18. INDEPENDENT AUDIT REPORT



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Independent audit report to members of Deep Yellow Limited

Report on the financial report

We have audited the accompanying financial report of Deep Yellow Limited, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, 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 year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit 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.

Liability limited by a scheme approved
under Professional Standards Legislation



Opinion

In our opinion:

- a. the financial report of Deep Yellow Limited is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter - Going Concern

Without qualifying our audit opinion, we draw attention to Note 1 in the financial report. As a result of the matters described in Note 1, there is 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.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 35 to 41 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Deep Yellow Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

R A Kirkby
Partner
Perth
6 September 2011

19. ASX ADDITIONAL INFORMATION

Pursuant to the Listing Requirements of the Australian Securities Exchange Limited, the shareholder information set out below was applicable as at 02 September 2011.

A. Distribution of Equity Securities

Analysis of numbers of shareholders by size of holding:

Distribution	Number of Shareholders	Number of Shares	Percent of Issued Capital
1 – 1,000	254	93,485	0.01
1,001 – 5,000	1,722	6,034,802	0.53
5,001 – 10,000	1,735	14,086,175	1.25
10,001- 100,000	3,698	123,840,190	10.97
More than 100,000	641	984,451,751	87.24
Totals	8,050	1,128,506,403	100.00

There were 954 shareholders holding less than a marketable parcel of ordinary shares.

B. Substantial Shareholders

An extract of the Company's Register of Substantial Shareholders (who hold 5% or more of the issued capital) is set out below:

Shareholder Name	Issued Ordinary Shares	
	Number of Shares	Percentage of Shares
Paladin Energy Ltd	224,934,461	19.93%
HSBC Custody Nominees (Australia) Limited	157,537,698	13.96%
Dr Leon Eugene Pretorius	74,193,624	6.57%
Mr Robert Anthony Healy	72,800,312	6.45%

C. Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares are listed below:

Shareholder Name	Listed Ordinary Shares	
	Number	Percentage Quoted
Paladin Energy Ltd	224,934,461	19.93%
HSBC Custody Nominees (Australia) Limited	157,537,698	13.96%
Mr Robert Anthony Healy	72,800,312	6.45%
Dr Leon Eugene Pretorius	66,577,500	5.90%
Gillian Swaby	40,673,333	3.60%
J P Morgan Nominees Australia Limited	36,664,879	3.25%
Mr Zac Rossi and Mrs Thelma Rossi	35,800,000	3.17%
Robert Anthony Healy + Helen Maree Healy	25,437,500	2.25%
Mr Mervyn Patrick Greene	21,945,000	1.94%
IJG Securities Pty Ltd	17,121,962	1.52%
Citicorp Nominees Pty Limited	11,413,706	1.01%
Walkabout Superannuation Fund Pty Limited <Walkabout Super Fund A/C>	11,000,000	0.97%
Mrs Heather Joy Buchanan	9,366,750	0.83%
National Nominees Limited	7,144,928	0.63%
Superior Resources Ltd	7,000,000	0.62%
Lando Pty Ltd	6,900,000	0.61%
Strategic Consultants Pty Ltd	6,630,000	0.59%
Mr Robert Anthony Healy and Mrs Helen Maree Healy <Glenview Super Fund A/C>	4,938,600	0.44%
Rossi Orchards Pty Ltd <Rossi Orchards S/Fund A/C>	4,200,000	0.37%
Simon Christopher Healy	4,000,000	0.35%
Totals	772,086,629	68.42%

D. Voting Rights

In accordance with the Company's Constitution, voting rights in respect of ordinary shares are on a show of hands whereby each member present in person or by proxy shall have one vote and upon a poll, each share will have one vote.

E. Restricted Securities

As at 30 June 2011 there were no restricted securities.

SCHEDULE OF MINERAL TENEMENTS

NAMIBIA

Tenement No.	Tenement Name	Interest	Granted From	Expiry Date	Approx Area (km)
EPL 3496	Tubas	100%	06.06.06	05.06.13	956
EPL 3497	Tumas	100%	06.06.06	05.06.13	949
EPL 3498	Aussinanis	100%	08.05.07	07.05.12	253
EPL 3499	Ripnes	100%	06.06.06	05.06.13	717
Sub-Total					2,875

NORTHERN TERRITORY

Tenement No.	Tenement Name	Interest	Granted From	Expiry Date	Approx Area (km)
EL 10223	Cornelius	100%	22.05.02	21.10.12	244
EL 24246	Napperby	100%	11.10.04	10.10.12	775
EL 24606	Lake Lewis	100%	28.12.05	27.12.11	628
EL 25097	Billabong North	100%	Application		232
EL 25101	Mordor West	50%	21.11.06	20.11.12	26
EL 25146	Mt Morris West	100%	Application		690
EL 25147	Mt Morris	100%	Application		1,580
EL 25155	Mongrel Downs	100%	Application		356
EL 25156	Abbotts Bore	100%	Application		113
EL 25177	Fiddlers Lake	100%	Application		670
EL 25212	Mt Davidson	100%	Application		307
EL 25601	Nancy Hill	100%	19.04.11	18.04.17	909
EL 27140	Cornelius North	100%	Application		128
EL 27141	Cornelius South	100%	Application		192
EL 27734	Green Swamp Hill	100%	Application		61
Sub-Total					6,911

QUEENSLAND

Tenement No.	Tenement Name	Interest	Granted From	Expiry Date	Approx Area (km)
EPM 14281 -	Yamamilla	100%	07.07.05	06.07.15	217
EPM 14916 -	Ewen	100%	15.05.06	14.04.11 -	458
EPM 15070 -	Prospector	100%	28.03.06	27.03.11 -	125
EPM 15072 -	Pilgrim	20%	28.03.06	27.03.11 -	51
EPM 16533 -	Crocodile Creek	100%	17.12.09	16.12.14	24
EPM 16534	Paroo Creek	100%	23.04.09	22.04.14	13
EPM 17716	Barkly South	100%	20.10.10	19.10.15	13
EPM 17967	Barkly	100%	24.01.11	23.01.16	35
EPM 18127	Leichhardt River	100%	28.02.11	27.02.16	58
Sub-Total					994

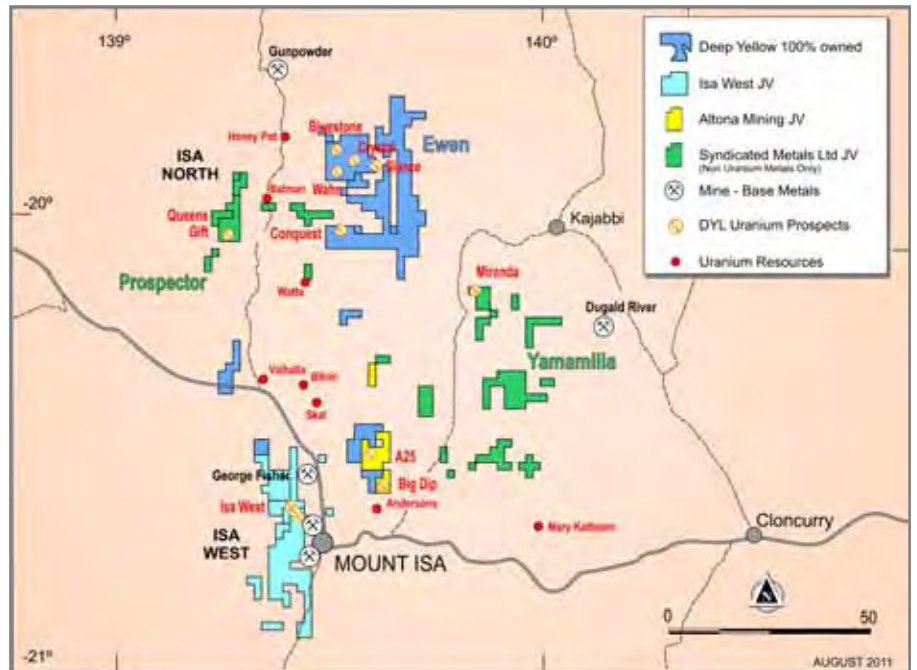
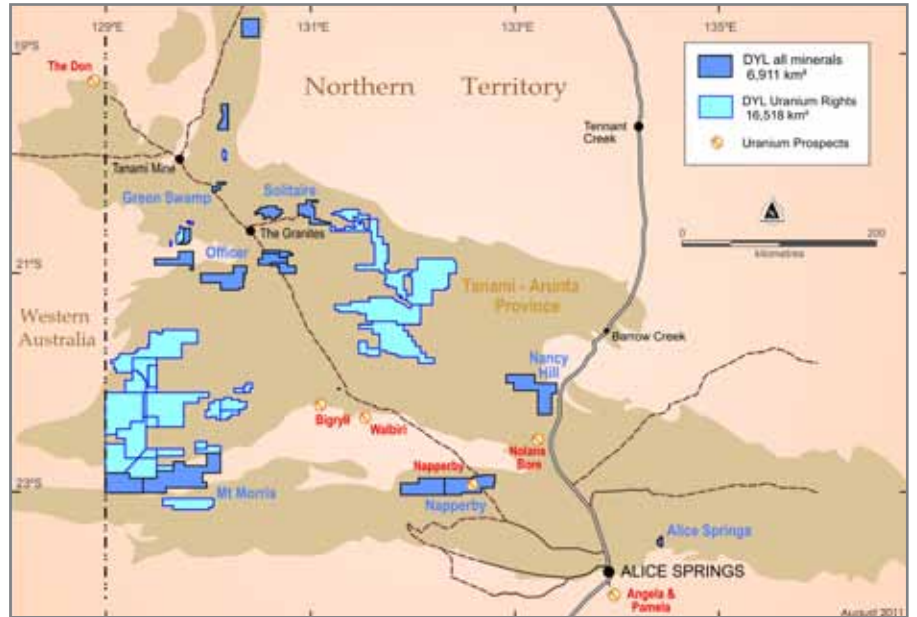
- Syndicated Metals Ltd Joint Venture
- Krucible Metals Ltd Joint Venture
- Renewal Pending

DYL Total 7,905

AGREEMENTS	Approx Area (km)
Nova Energy (Namibia) (Proprietary) Limited	1,323
Altona Mining Limited - Queensland	69
Xstrata Copper Exploration Pty Ltd – Queensland	261
ABM Resources NL - Northern Territory (100% uranium rights stay with DYL)	16,518
Tanami Gold NL – Western Australia	1,147
Sub-Total	19,318

Total Area 30,098

AUSTRALIA





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