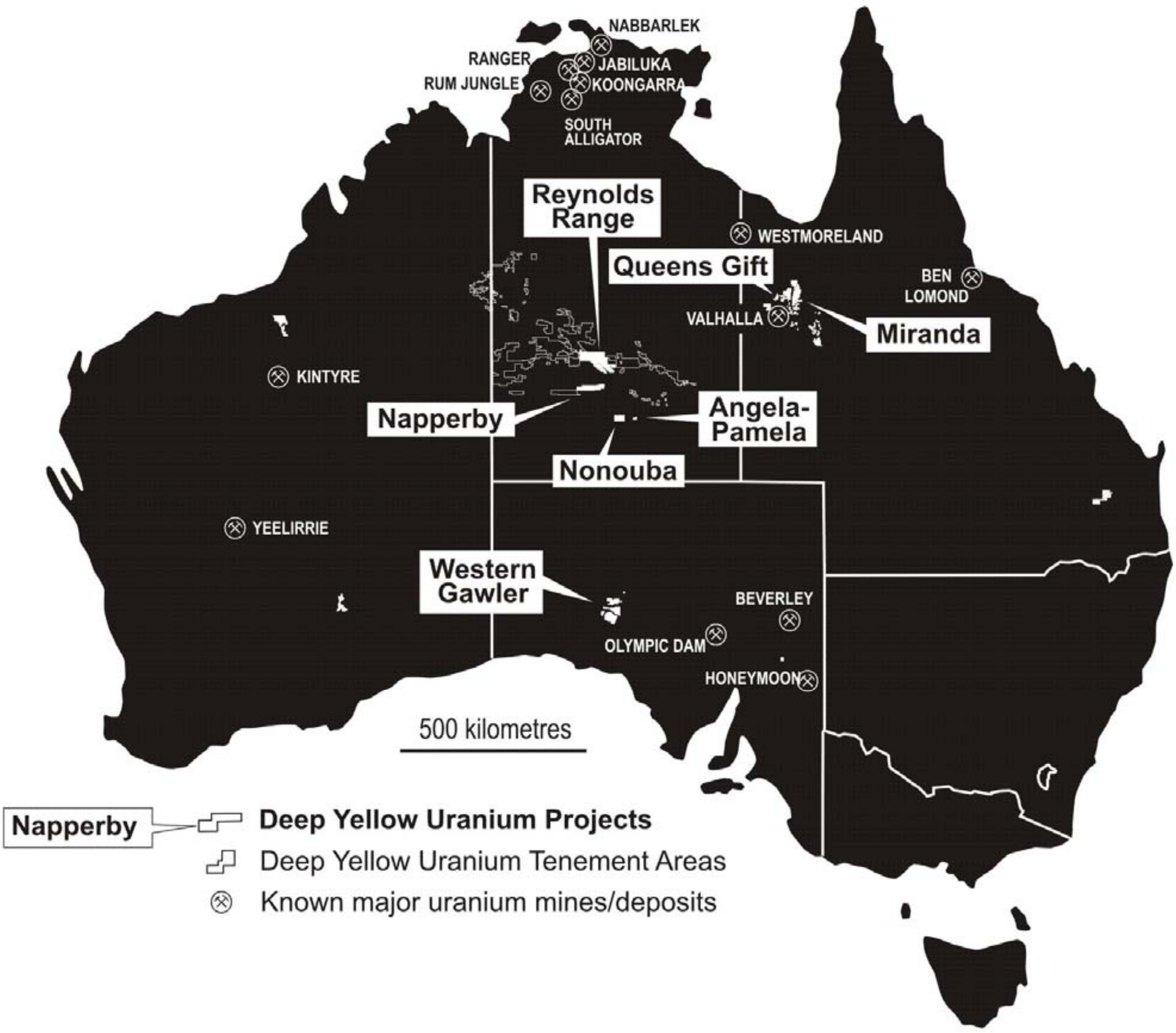
DEEP YELLOW LIMITED

ABN 97 006 391 948

ANNUAL REPORT 2007





NABBARLEK
RANGER
JABILUKA
RUM JUNGLE
KOONGARRA
SOUTH ALLIGATOR
Reynolds Range
WESTMORELAND
Queens Gift
BEN LOMOND
VALHALLA
Miranda
KINTYRE
Napperby
Angela-Pamela
Nonouba
YEELIRRIE
Western Gawler
BEVERLEY
OLYMPIC DAM
HONEYMOON
500 kilometres
Napperby
Deep Yellow Uranium Projects
Deep Yellow Uranium Tenement Areas
Known major uranium mines/deposits

CORPORATE DIRECTORY

DEEP YELLOW LIMITED
ABN 97 006 391 948

Board of Directors

Mr Mervyn Greene	Chairman (Non-Executive)
Dr Leon Pretorius	Managing Director
Mr Martin Kavanagh	Executive Director
Ms Gillian Swaby	Non-Executive Director
Mr Rudolf Brunovs	Non-Executive Director
Mr Tony McDonald	Non-Executive Director

Company Secretary

Mr Mark Pitts

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Perth Western Australia 6000

Share Registry

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Stock Exchange Listing

Australian Stock Exchange
Perth, Western Australia

Website Address

www.deepyellow.com.au

ASX Code

DYL

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CHAIRMAN'S REVIEW

Dear Shareholders

This letter should be addressed to you all by both your Chairman and your Managing Director. The events of the period that we will be summarising occurred under the Chairmanship and enduring leadership of Dr Leon Pretorius and it would be remiss of your Board not to reflect that in the letter. However it is easier for me to lay out the achievements of the year and ensure that the credit and responsibility are fairly recorded.

Dr Pretorius and Executive Director Martin Kavanagh, together with the Deep Yellow Board, management and staff have worked incredibly hard and with a commonness of purpose over the past year to achieve a radical and sustaining transformation of the Company. We have quickly become a very significant player in the rapidly developing uranium supply industry. That so much has been achieved in such a short time span is testament to the vision, unique expertise, skills and monumental effort that Dr Pretorius has brought to the Company in the past two years.

Our enduring strategy is to establish the Company as a substantial international uranium supplier with a special focus on the development through exploration of a number of potential world class uranium deposits. The major building blocks required to achieve those objectives were put in place during the last year.

First, a short digression to create a context for our strategic approach through a summary of the current prognosis for the market for uranium, courtesy of the World Nuclear Association (WNA) in May of this year. Currently some 437 nuclear power stations in 31 countries are providing an estimated 16% of global electricity generation. These reactors will consume just over 170M lbs of U_3O_8 in 2007 and just over 100M lbs of this fuel was provided by the uranium mining industry. There are 32 reactors under construction in 14 countries and another 288 reactors planned or under consideration in 28 countries. Many existing facilities in the UK, USA and elsewhere are being upgraded to increase their output or to extend their useful life. Given these baseline figures and providing a conservative reference case, the WNA expects that by 2030 the uranium mining industry will be required to produce at least 250M lbs of U_3O_8 annually, a small proportion of which can be produced by mines that are operating today. This will be a huge task, even in a rapidly growing industry, and Deep Yellow has the opportunity to become one of the leading contributors to this enormous growth in output.

The WNA base case scenario is outlined above but there is, of course, the possibility that the nuclear power industry might achieve much larger steps forward than the numbers suggest. I was particularly struck by a phrase spoken by John Ritch, Director General of the World Nuclear Association on the 6th of June this year and I reproduce it below. I think it speaks volumes in itself.

> *.....''Consider this waste comparison: If tomorrow we could suddenly generate all the world's electricity by nuclear power, we would - in a full year - create and safely dispose of a quantity of high-level nuclear waste less than the amount of carbon waste that today's power plants spew into Earth's atmosphere every five minutes, around the clock.''*

The emergence of Deep Yellow as a major uranium exploration company took place during the 2006/2007 financial year. The initial impetus was provided by the successful negotiation in October 2006 to merge Deep Yellow with Raptor Minerals Limited. This provided the ability to gain control of Exclusive Prospecting Licences (EPLs) owned by the now renamed Reptile Uranium Namibia (Pty) Ltd. These four wholly owned EPLs are all highly prospective for uranium and were explored with some success a few decades ago. In January an operational base was set up in Swakopmund in Namibia and is now fully staffed following an aggressive recruitment programme. Subsequent to approval of the environmental licences, drilling commenced at the first prospect, Tubas, in late April 2007. A detailed low level airborne radiometric and magnetic survey of the entire tenement area was completed in August and a follow-up helicopter airborne electromagnetic survey is scheduled to commence late September. It is anticipated that the pace of re-evaluating the historic outlined uranium mineralisation at Tubas and within the other EPL areas will gather momentum towards the end of 2007 with the addition of at least another two further drill rigs.

Along with the Namibian acquisition the other main focus for the Company in the second half of 2006 was at Napperby. The objectives were a reassessment of the historic uranium mineralisation and the conversion of a segment of the area into a JORC compliant resource. This was achieved successfully in December 2006.

At the same time the Board, led by Dr Pretorius, made a significant strategic decision to focus activity and effort on 'major' projects in defined geographic areas where Deep Yellow could build bases to support significant exploration activity. 'Major' is defined by us as projects that could deliver resources in excess of 20,000 tonnes or 50M lbs U_3O_8. This paved the way for the profitable divestment of the further development and production effort at Napperby into an 'option to purchase agreement' with Toro Energy in February 2007. This was rapidly followed by the joint venture agreements with Uranio in May 2007 and with Rum Jungle in August 2007. We are continuing to investigate the divestment of a small number of other non core assets. The underlying objective of this programme is to free up resources, finance and management time for the major 'company builder' projects while ensuring Deep Yellow shareholders can benefit both now and in the future from these divestment initiatives.

CHAIRMAN'S REVIEW

In order to achieve our significantly elevated objectives, and with the considerable foresight of Dr Pretorius given the market weakness of the past months, Board decisions were made to treble the budgeted exploration expenditure to the very significant target of $15 million per year from 2008 onwards. A previous entitlement issue in November 2006 associated with our Namibian acquisition had provided a cash base of $25 million and the subsequent entitlement issue in May 2007 raised a further $40 million. Including our growing pool of marketable liquid assets we now have financial resources in excess of $70 million which can provide funding for the next five years.

I'd like to take this opportunity to thank John Borshoff and his colleagues at Paladin Resources for their support during the past year. Paladin is now our largest single shareholder with an ownership stake of nearly 15% and their unstinting belief in our leadership, our Company and in our projects has always been very welcome.

Elsewhere in Australia our projects in Queensland were advanced through the development of a significant permanently staffed base at Mt Isa that allowed us to build on the judicious acquisitions in the area the previous year. Milestones included the start of drilling in November 2006 on a portion of the Matrix Metals ground at **Miranda** and, in January 2007, the achievement of another significant acquisition with the purchase of Superior Uranium and its EPMs in the vicinity of Mt Isa. These areas are highly prospective and established Deep Yellow as a major exploration company in this very significant centre for uranium exploration. By February the first excellent **Miranda** drilling and assay results were released and subsequently Deep Yellow took up its option to progress with the initial stages of the earn-in of the NW Queensland Joint Venture with Matrix Metals. Finally in May, encouraged by the production of some very positive results from fieldwork at **Queens Gift**, drilling commenced in July. The excellent assay results recently released from **Queens Gift** have meant that the initial drilling work has been extended. Last but not least site works were recently completed at the third site to be managed from our Mt Isa base at **Calton Hills**.

In South Australia at our **Western Gawler** project, another major area that Deep Yellow will develop through 2007 into 2008, drilling commenced recently in June after agreement with the native title holders.

In the Northern Territory significant advances were achieved during the year in terms of successful negotiations with traditional owners at **Reynolds Range** and preliminary work is underway that should culminate in the initiation of drill work in 2008. In addition we submitted tenders (as one of 35 competing entities) to acquire the Angela and Pamela deposits south of Alice Springs. A decision is expected in the next few months.

Deep Yellow's share price experienced an excellent year of growth. The value of the Company has increased significantly, both overall and on a per share basis over the period. In March 2007 Standard & Poors recognised the sustained increase in Deep Yellow's value by the inclusion of the company in the ASX 300 index. In the past months twin changes in market sentiment and a fall back in the uranium spot price saw a retreat from the highs experienced at the end of April 2007. However your Board has no concerns about the positive long term outlook for uranium and we feel that the work done in the past year means that the fundamental strengths of your Company have never been better and that we will see renewed strong growth in our share price.

In conclusion I'd like to thank my Non-Executive Director colleague Gill Swaby for her unfailing enthusiasm, wit and wisdom. Executive Director Martin Kavanagh is owed a significant debt of gratitude for his contribution to the achievements of the past year and in particular, from me, for his patient explanations of the complexities and complications of the geologic underpinnings of our myriad of different projects. I am also able to welcome to the Board your two new Independent Non-Executive Directors, appointed in early August 2007. The addition of Tony MacDonald and Rudolf Brunovs significantly enhances the experience, judgement and skill set of the Board and is a further demonstration of the steps that we are taking to fulfil the ambitious goals that we have set for Deep Yellow.

On behalf of the whole Board and Dr Pretorius in particular I would like to say another thank you to all employees, staff, advisors and consultants, both in Australia and in Namibia. To this should be added a very emphatic congratulations to all who have contributed to our success in this landmark, transformational year in our Company's life.

Mervyn Greene
Chairman

REVIEW OF OPERATIONS

Deep Yellow Limited (Deep Yellow) has rapidly established itself as a significant member of the international uranium industry as a well-funded prominent specialist uranium explorer in Australia and Namibia.

Nuclear energy (and uranium as fuel) is rapidly gaining ground as an alternate base load source of electricity as the effects of fossil fuel burning and its contribution to global warming is being recognised. This realisation and looming shortages of uranium has led to a remarkable correction in its price, which has seen the spot price rise from US$50 12 months ago to a top of US$135 per pound, falling back to US$90 (September 2007). The Company believes the general industry forecast that prices will stabilise around these levels with a possible upward trend and is setting itself up to be a supplier of this strategic metal through aggressive and successful exploration and merger and acquisition programmes.

EXPLORATION PROGRAMMES

NAMIBIA

- Reptile Uranium Namibia (Pty) Ltd (100% owned Deep Yellow subsidiary) now has a full complement of technical and support staff (totalling 13 – all but one Namibian Nationals) operating out of Swakopmund.
- RC percussion drilling on known resources has commenced with early results confirming the nature, scope and scale of the Tubas resource discovered by Anglo American in the 1970s.
- The Company has engaged consultants to commence JORC evaluation of the historical mineralisation and present grid drilling.
- Recently completed detailed airborne radiometric and magnetic surveys have generated extensive new prospective areas.
- Two additional RC rigs will commence drilling by year-end.

AUSTRALIA

- The commencement of targeted RC percussion drilling in the Mt Isa district is a milestone in Deep Yellow's strategic plan for the region. From a logistical base in Mt Isa the Company has the resources in place to carry out both regional and detailed exploration programmes on its existing tenements and to actively seek out other opportunities.
- Assay results received from 33 holes of 47 hole RC drill programme at its 100% owned (EPM 15070) Queens Gift Prospect (Mt Isa) have confirmed the presence of broad zones of uranium mineralisation within haematite-quartz breccia altered rock.

  Significant intersections include:

-	50 m	at	400 ppm	U_3O_8	from	1 m	in	hole	DQRC-0032
-	10 m	at	756 ppm	U_3O_8	from	34 m	in	hole	DQRC-0006
-	6 m	at	1,526 ppm	U_3O_8	from	19 m	in	hole	DQRC-0013
-	13 m	at	438 ppm	U_3O_8	from	41 m	in	hole	DQRC-0016

- A recently completed Aircore drill programme totalling 145 holes on Western Gawler Project tenements outlined prospective channels containing redox fronts and lignite beds. Follow-up drilling is planned.

CORPORATE

- A one for twelve Non Renounceable Entitlement Issue at 50 cents which closed on 20 July raised a total of $26,614,062 with a take-up by 63% of shareholders. The shortfall of some $15,836,975 was placed with Paladin Resources Limited, resulting in a successful fund raising totalling $42,451,037.
- Deep Yellow now has cash reserves and liquid assets of approximately $70 million to fund its ambitious exploration programmes in Namibia and Australia.
- The Directors have approved exploration budgets totalling ~A$12 million for the 2007/2008 financial year.

REVIEW OF OPERATIONS

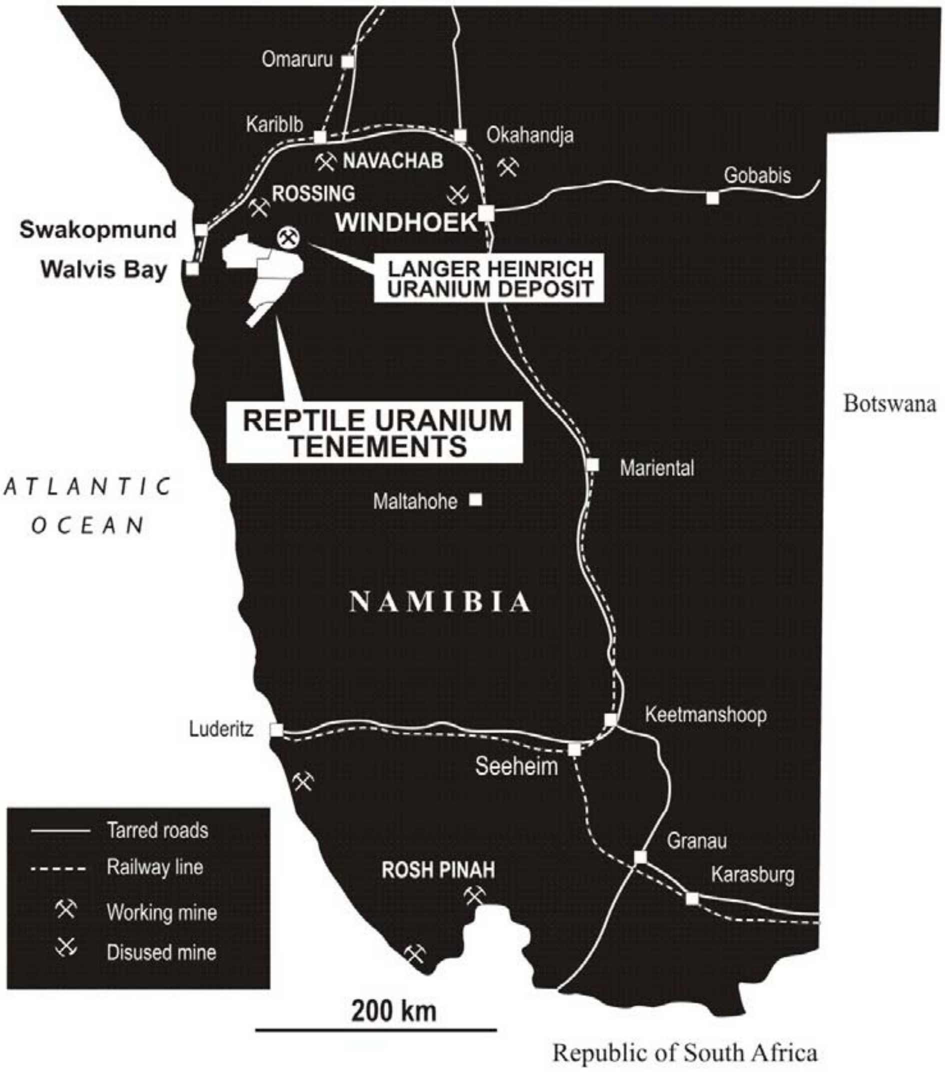
- Two new Independent Non-Executive Directors joined the Deep Yellow Board in August. A Board restructure saw Mr Mervyn Greene assume the position of Non-Executive Chairman and Dr Leon Pretorius that of Managing Director. This reflects the rapid growth in the Company and will allow the Executive Directors to accelerate the exploration and development of the Company's projects.

OUTLOOK

In the past twelve months Deep Yellow has given a high priority to accumulating quality projects. The Directors believe that the projects in Namibia and Australia now provide an excellent basis to develop the Company into a significant participant in the uranium supply industry.

REVIEW OF OPERATIONS

NAMIBIA



REPTILE URANIUM NAMIBIA PROJECT

In October 2006 Deep Yellow entered into an agreement with Raptor Partners Limited (RPL), a British Virgin Islands (BVI) registered company, and its shareholders, to merge the uranium interests of Deep Yellow and RPL.

The merger resulted in Deep Yellow acquiring control of Reptile Investments Four (Pty) Limited (later renamed Reptile Uranium Namibia (Pty) Ltd - RUN). RUN is a Namibian registered company that held three contiguous Exclusive Prospecting Licences (EPLs 3496, 3497 and 3499) and one EPL Application (EPL 3498). All three EPLs were granted on 6 June 2006 for three years and valid for the Base and Rare Metals group and the Nuclear Fuel group of minerals, as defined by the Namibian Minerals Act 1992. EPL 3498 was granted on 8 May 2007 also for three years.

Deep Yellow through RUN now has access to approximately 2,872 km^2 of ground that is highly prospective for various styles of uranium mineralisation. Historically (in the 1970s and early 1980s) major international companies such as Anglo American, Falconbridge, General Mining and Elf-Aquitaine undertook exploration in the area which outlined extensive close to surface zones of uranium mineralisation.

Previous Exploration: During the mid-1970s to early 1980s the companies referred to above undertook evaluation of Government generated airborne radiometric anomalies with follow-up drilling leading to the discovery of uranium mineralisation within near surface zones as depicted in the satellite image (Figure 1). The mineralisation occurs in the form of carnotite ($K_2(UO_2)_2(VO_4)_2 3H_2O$) which is secondary uranium mineralisation precipitated in sand-filled drainage systems and sheetwash or overbank sediments (including gypcrete).

REVIEW OF OPERATIONS

NAMIBIA

This style of mineralisation is somewhat similar in style of formation to that of Langer Heinrich which is immediately north of RUN's EPLs (for which the latest published JORC compliant resource contains 44,000 t of U_3O_8). However, at Langer Heinrich the mineralisation occurs in calcretised and cemented valley-fill sediments rather than relatively carbonate poor unconsolidated recent sediments which dominate and host the mineralisation occurring in the known RUN prospects.

Australian Stock Exchange regulations prohibit the reporting of historical non-JORC Code mineral resources, so they are not published here. Instead readers are referred to a Namibian Government publication at the following link http://www.mme.gov.na/gsn/pdf/uranium.pdf, or to earlier Deep Yellow announcements and reports.

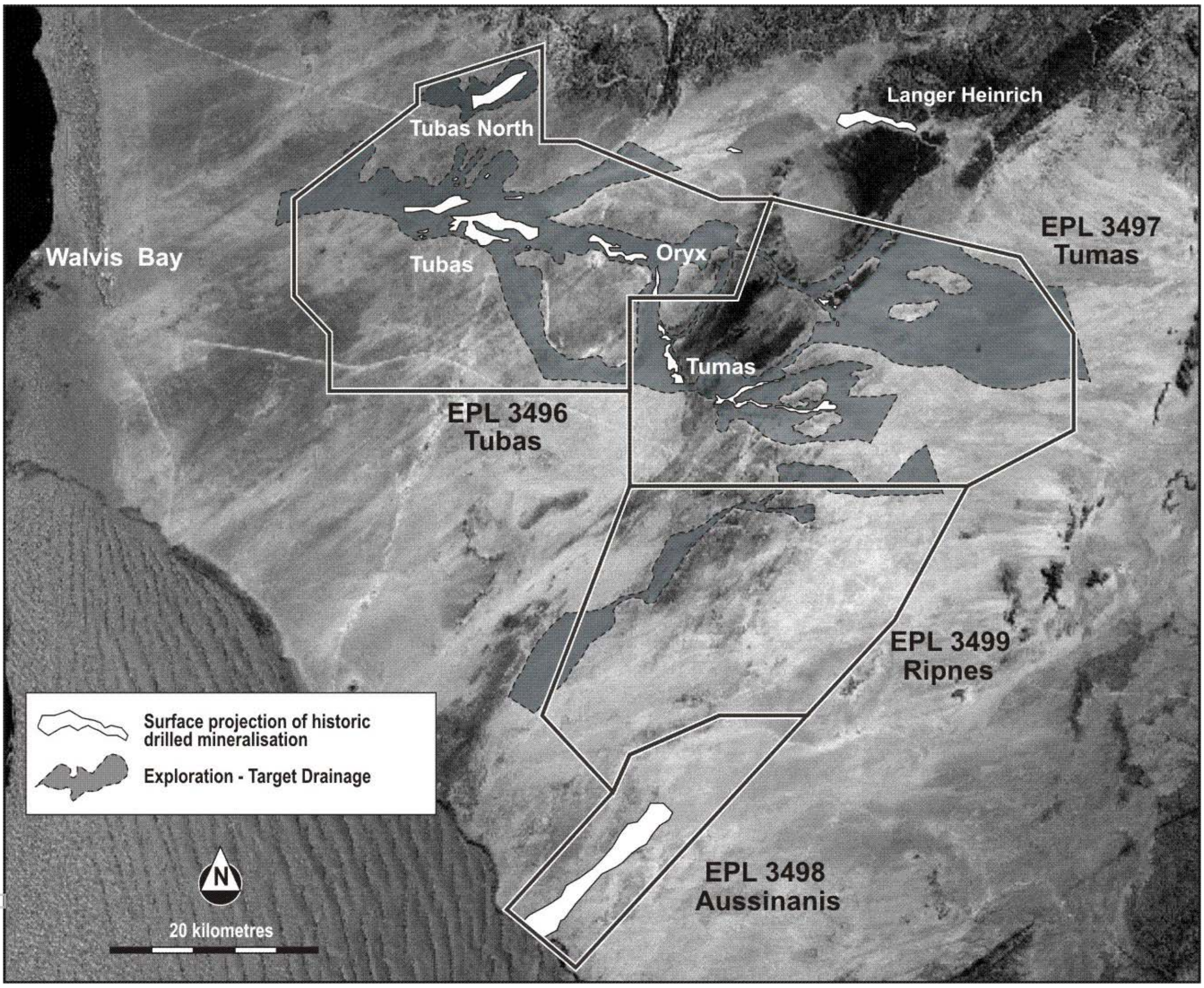


Figure 1 - RUN Tenements – Historic Mineralised Zones

2007 EXPLORATION UPDATE

Following the approval of the Environmental Impact Assessment (EIA) and Environmental Management Plan (EMP) and grant of an Environmental Contract, exploration commenced in earnest in May. Initially, drilling on 50 m centres commenced along a four kilometre long N-S line across the Tubas Prospect of Anglo American. This drilling (to basement) was undertaken in order to better understand the morphology of the drainage systems within which the mineralisation occurs and to determine whether a deep palaeochannel had developed properly anywhere, as the historic drilling rarely penetrated below 30 m depth.

The drilling located a well-developed palaeochannel with an apparent width of 500 m and depth of 104 m at its deepest point. This 'discovery' is very encouraging as it enhances the areas' potential to also host Langer Heinrich style mineralisation at depth. The basement profile along this drill traverse will also assist in the modelling and interpretation of the planned airborne electromagnetic survey data.

REVIEW OF OPERATIONS

NAMIBIA

Upon completion of the 112 holes (totalling 4,193 m) drilled along the reconnaissance line, grid drilling commenced within the Tubas Prospect itself. Initially these holes were drilled at 50 m centres, later being stepped out to 100 m centres and then to 200 m centres as confidence in the distribution of the mineralisation and statistical data increased. The drill programme is now aimed at augmenting the historical data to allow Deep Yellow's consultants to determine JORC resources on an ongoing basis which will eventually encompass the entire 14 by 4 km area of known mineralisation at Tubas. Initial resource numbers are expected before year-end. As at 24 September 556 holes have been drilled for a total of 14,037 metre.

What is very encouraging is that previous drilling intersected 1 to 4 m thick mineralisation rarely averaging more than 300 ppm U_3O_8 whereas RUN's present drilling is regularly intersecting thicker zones of up to 13 m at much higher grades, notably:-

Hole No.	Depth (m)	Interval (m)	Lithology	U_3O_8 (ppm)
A2.80/7.5	0 to 12	10	Red sand	1,638
A4.80/5.5	3 to 15	12	Brown sand	1,036
A6.50/0.5	7 to 20	13	Brown sand	1,050

All drill holes are being radiometrically logged with a calibrated total count radiometric probe (inside the drill rods immediately after drilling); drill chips over every one metre interval are isolated from other anomalous samples and checked with a hand held scintillometer; at the Company's Swakopmund laboratory anomalous samples are checked in a sealed lead discriminator box and total radioactivity measured; and, finally all anomalous samples (above a nominal 100 ppm eU_3O_8 cut-off) are chemically assayed by powder XRF by an external contract ISO/SANAS accredited laboratory.

RUN has a fully functional sample preparation and wet chemical laboratory at its Swakopmund base and has ordered a new energy dispersive XRF machine to enable daily evaluation of drill samples to better plan ongoing resource drilling. This should be operational before the additional drill rigs are on site.

AIRBORNE RADIOMETRIC AND MAGNETIC SURVEY

Data from a recently completed RUN contracted 16,800 line kilometre low-level radiometric and magnetic survey on 200 m spaced lines at a nominal height of 80 m has been merged with similar recent Government acquired data to produce a 100 m line spaced dataset over the entire area of the four contiguous EPLs.

The objective of this survey was to map in greater detail any near surface radiometric anomalies with the magnetics being used to map potential uraniferous granitic host rocks and structures beneath the desert sand cover similar to the alaskites that host the Rössing uranium mine 50 kilometre to the north. Interpretation of this data is presently underway.

The radiometric responses are very encouraging. Not only do they correspond closely to historic exploration sites, but they also indicate that less than 50% of the anomalies were drill tested in the past. Ground checking of these anomalies will be undertaken from late November by helicopter ferried crews.

AIRBORNE ELECTROMAGNETIC (AEM) SURVEY

In Australia the uranium industry in general and Deep Yellow in particular has been flying AEM surveys and successfully delineating target palaeochannels at depth below surficial cover. RUN has contracted Aeroquest (UTH) to fly an AEM survey over its four EPLs during late September/October to better define the known mineralised shallow channels and to test for new deeper channels (palaeochannels) such as the one located during the drilling along the 4 km orientation line north of the Tubas channel. Once delineated these palaeochannels will then be targeted for Langer Heinrich style mineralisation.

REVIEW OF OPERATIONS

AUSTRALIA

QUEENSLAND

MT ISA DISTRICT

As follow-up to Deep Yellow's initial move into the highly prospective Mt Isa District in February 2006 (NW Queensland JV with Matrix Metals Ltd) the Company purchased 100% of the private company Superior Uranium Pty Ltd (SUPL) which held four granted Exploration Permits (EPM's) and two EPM applications in NW Queensland.

The SUPL tenements in the Mt Isa District covering 1,060 km^2 together with a further 4,436 km^2 subject to the NW Queensland JV established Deep Yellow as a major player in the highly prospective Mt Isa Uranium Province. In order to cost effectively explore the newly acquired tenements Deep Yellow established a permanent exploration office/yard facility in the City of Mt Isa and now has a total of nine personnel.

Highlights of recent exploration activity in the Mt Isa district are as follows:

- December 2006, RC percussion drilling at the Miranda Prospect returned 12 m at 960 ppm U_3O_8.
- Flying of a high resolution airborne radiometric and magnetic surveys over nine prospect areas. The 100 m line spaced data has greatly enhanced the resolution of uranium anomalies seen in the previous regional datasets.
- Native Title clearances were conducted by Kalkadoon representatives over the Queens Gift, Calton Hills and Miranda Prospects ahead of 2007 drill programmes.
- Geological mapping of the Queens Gift, Calton Hills and Miranda Prospects was completed in conjunction with ground radiometric surveys in order to delineate anomalous areas for detail drilling.
- Commencement of a 10,000 m RC percussion drill programme for the Mt Isa district.

REVIEW OF OPERATIONS

AUSTRALIA

- RC percussion drilling commenced at the Queen's Gift Project on 9 July with 47 holes for 4,929 m completed in the first pass programme. A best intercept of 50 m at 400 ppm U_3O_8 from surface was returned in Hole 32.
- Helicopter supported mapping and sampling programme identifies multiple targets for follow-up drilling within EPM 14916.

QUEENS GIFT PROSPECT EPM 15070
(DYL 100%)

At the Queens Gift Prospect (Figure 2) surface mapping and sampling outlined a uranium mineralised zone up to 50 m wide over 1,300 m strike with a best surface composite rockchip sample assaying 2.86% U_3O_8. Previous diamond drilling by Queensland Mines Ltd (QML) in 1969 and by Agip Nucleare Australia Pty Ltd (AGIP) in 1974 was restricted to approximately 50 m vertical depth.

Some significant intercepts from the historic drilling included:

• QML 1	9.1 m	at	1,100 ppm	(0.11%)	U_3O_8	from	24.4 m
• QML 2	4.57 m	at	580 ppm	(0.058%)	U_3O_8	from	71.63 m
• QML 3	9.1 m	at	580 ppm	(0.058%)	U_3O_8	from	32.31 m
• AGIP 1	21.0 m	at	470 ppm	(0.047%)	U_3O_8	from	41.0 m
• AGIP 2	15.0 m	at	670 ppm	(0.067%)	U_3O_8	from	72.25 m
• AGIP 3	3.0 m	at	900 ppm	(0.090%)	U_3O_8	from	61.80 m

Surface mapping of the mineralised zones undercut by the previous drilling indicates that in most cases the mineralised zones are sub-vertical so simplifying the targeted drilling programme. Notwithstanding the above excellent drill results, field mapping in conjunction with examination of the available historical data, indicated that the previous drilling did not adequately test the observed surface radiometric highs or the mapped extent of the mineralisation.

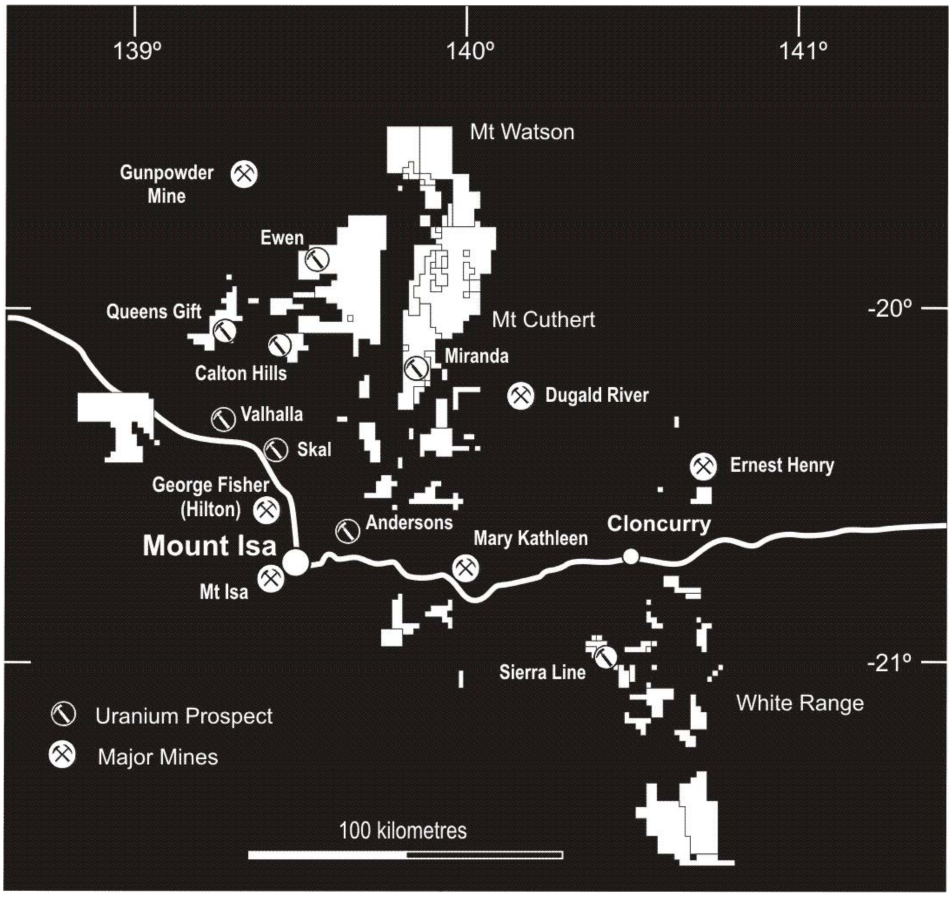


Figure 2 - Mt Isa Tenements and Projects

REVIEW OF OPERATIONS

AUSTRALIA

QUEENS GIFT DRILLING

The Queens Gift Prospect is located 70 km north of Mt Isa within EPM 15070. Following encouraging results from an earlier mapping and sampling programme, a 39 hole RC percussion drill programme totalling 3,000 m was designed to test the surface mineralisation to a vertical depth of approximately 75 m.

Initial positive results, plus a decision to extend some of the shallower holes to check for 'blind' hanging wall mineralisation extended the initial programme to 39 holes for 3,680 m. Following the receipt of a wide intercept of 50 m at 400 ppm U_3O_8 from Hole 32, the drill programme was extended to 47 holes for 4,929 m.

The additional drilling as deep undercuts and infill holes on the northern and central anomalies has returned wide downhole intercepts of mineralised haematite-quartz-breccia rock (from downhole logging). The next phase of work at Queens Gift will be the compilation of all drill data and planning of a diamond drill programme for early November.

Selected significant intercepts returned to date (using a 150 ppm U_3O_8 cut-off) are given in Table 1.

Table 1 – Queens Gift 2007 Assay Results

Drillhole	From	To	Width	U_3O_8 ppm
DQRC_0006	12	14	2	1,050
DQRC_0006	34	44	10	756
DQRC_0007	36	40	4	326
DQRC_0008	8	13	5	260
DQRC_0008	59	64	5	348
DQRC_0009	19	25	6	482
DQRC_0010	40	43	3	633
DQRC_0011	2	3	1	350
DQRC_0012	9	12	3	293
DQRC_0013	19	25	6	1,526
DQRC_0013	56	60	4	416
DQRC_0014	41	44	3	1,406
DQRC_0014	69	73	4	620
DQRC_0015	11	12	1	430
DQRC_0015	23	24	1	450
DQRC_0016	41	54	13	438
DQRC_0017	41	42	1	390
DQRC_0017	49	52	3	560
DQRC_0018	7	10	3	2,330
DQRC_0019	27	28	1	420
DQRC_0020	16	20	4	350
DQRC_0020	23	24	1	550
DQRC_0020	33	34	1	1,400
DQRC_0021	16	21	5	316
DQRC_0022	74	79	5	248
DQRC_0023	80	81	1	370
DQRC_0024	118	123	5	414
DQRC_0028	34	42	8	424
DQRC_0030	51	56	5	270
DQRC_0031	90	96	6	468
DQRC_0032	1	51	50	400

REVIEW OF OPERATIONS

AUSTRALIA

The RC percussion drill programme has outlined 3 mineralised domains within the Queens Gift outcrop area. These are designated North, Central and South (Figure 3). In all cases intercepted mineralisation occurs with a haematite-quartz altered to brecciated basalt zone which is up to 50 m wide. Within the alteration zone mineralised lenses to 25 m true width have been intersected with the Northern and Central zones returning mineralisation contiguous on a hole to hole, section to section basis.

Upon receipt of all assays a detail assessment of the drill programme will be undertaken with a view to planning a November/December diamond drill programme.

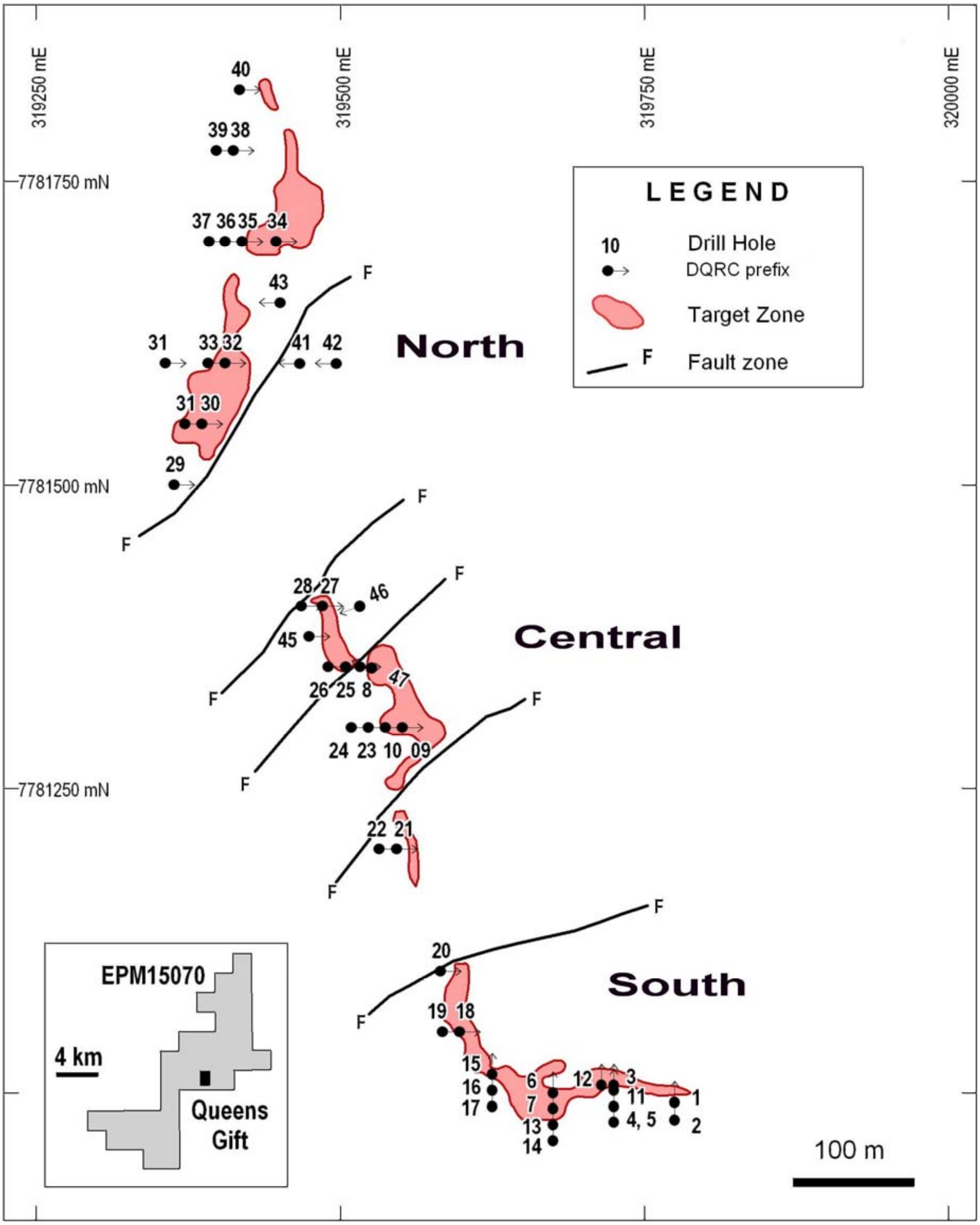


Figure 3 - Queens Gift - Drill Hole Locations

REVIEW OF OPERATIONS

AUSTRALIA

NW QUEENSLAND JV

(DYL/Matrix Metals NW Uranium Joint Venture (Earning 51%))

On 20 February 2006 the Company reached agreement with Matrix Metals Ltd (Matrix) whereby it can ultimately acquire 100% of the uranium rights to Matrix's extensive tenement portfolio now totalling 4,436 km^2 in the Mt Isa - Cloncurry District, Queensland. Details of the Heads of Agreement can be found in the Company's ASX release of 20 February 2006.

Prior to Deep Yellow's involvement, Matrix had undertaken an assessment of the uranium potential of their tenements which highlighted the following occurrences:

- Percussion drilling reporting results of up to 2 m at 0.38% (3.800 ppm) U_3O_8, diamond drilling results of up to 4 m at 0.12% (1,200 ppm) U_3O_8 and 0.84% U_3O_8 in rock chips all from the Conquest Line in the Ewen Group Project Area. The majority of the prospects in the Ewen Group were hosted by sediments within the Eastern Creek Volcanics which also host the Skal and Valhalla uranium deposits.

- A 12 km long very prospective co-incident geochemical and airborne radiometric uranium anomaly along the Sierra Line in the White Range Project area. The uranium anomalies in the White Range area are hosted by the Mary Kathleen Group geological package in which the Mary Kathleen uranium mine occurs.

- Values of up to 1.18% U_3O_8 in rock chips and 18 m at 0.081% (810 ppm) U_3O_8 from 30 m in an RC percussion drill hole at the Miranda Prospect.

MIRANDA PROSPECT

The Miranda Prospect (Figure 2) was targeted in an initial RC drilling campaign by Deep Yellow in December 2006. The drilling programme was terminated early due to bush fires in the Prospect area.

Drilling results outlined a broad zone of uranium mineralisation with significant intersections of 12 m at 960 ppm U_3O_8 from 9 m in hole DMRC-001 and 3 m at 730 ppm U_3O_8 from 43 m in hole DMRC-002. Previous drilling at Miranda by CRAE in 1982 returned 18 m at 810 ppm U_3O_8 from 30 m depth and surface rock chips collected by Matrix 100 m south of the drill holes assayed up to 1.18% U_3O_8.

DECISION TO PROCEED WITH EARN-IN ON NW QUEENSLAND JOINT VENTURE

Following the excellent assay results returned from the December drill programme at the Miranda Prospect, the Deep Yellow Board resolved to proceed with the initial earn-in on the NW Queensland Joint Venture.

Under the terms of the Heads of Agreement between Deep Yellow and Matrix, Deep Yellow had the right to commence the initial earn-in to acquire a 51% interest in the NW Queensland Joint Venture. As announced to the ASX on 28 February 2007 Deep Yellow exercised that right and issued 21,549,541 fully paid ordinary shares in Deep Yellow to Matrix as part consideration for the earn-in.

Deep Yellow must now spend a further $2.6 million on exploration by 28 February 2009 to complete the earn-in and acquire a 51% interest in the Joint Venture. Deep Yellow will then have the option to acquire a further 29% in the JV by payment of $3 million to Matrix and can ultimately go on to purchase 100% of the uranium rights of each declared project area.

2007-2008 EXPLORATION PROGRAMME

RC percussion drilling comprising 8 holes for 1,400 m is planned to test the strike and depth extensions to the mineralised zone in October 2007. The recently flown low-level radiometric and magnetic survey over the Miranda Prospect (see below) has returned a number of outlying uranium anomalies in the area which will be 'scout drilled'. Two targets, Miranda North and Miranda Northwest are similar magnitude uranium anomalies to Miranda. In addition an interpreted deep magnetic signature to the uranium mineralisation will also be drill tested in the light of the strong iron oxide (magnetite) and pyrite association with uranium mineralisation at Miranda.

A helicopter supported mapping and sampling programme for the entire Joint Venture tenement area has commenced with an initial focus on the northern tenement area moving to the south of Cloncurry in October.

REVIEW OF OPERATIONS

AUSTRALIA

DETAIL AIRBORNE RADIOMETRIC AND MAGNETIC SURVEY

Data has been received for a 5,470 line km low-level airborne radiometric and magnetic survey flown over nine selected target areas in the Mt Isa district. The 100 m line spaced data has greatly enhanced the resolution of uranium anomalies associated basement structures seen in the previous regional datasets. Processing and interpretation of the new data has been completed with the objective of identifying targets for a scout drilling programme.

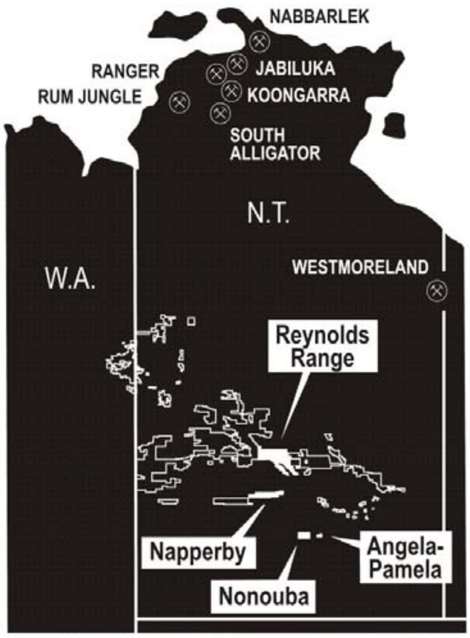
Within the Ewen tenement (NW Queensland JV (Figure 2)) the radiometric survey data has highlighted a series of uranium anomalies forming three linear trends. The anomalies are hosted by Eastern Creek Volcanics, the same host as the Queens Gift deposit and are characterised by a similar haematite-quartz (± breccia) alteration to the Queens Gift prospect. Existing station tracks and additional new tracks have been cleared ahead of an October drill programme.

Overall 50 of 103 anomalies developed from desktop studies have so far been inspected with 11 targets recommended for drilling in 2007.

REVIEW OF OPERATIONS

AUSTRALIA

NORTHERN TERRITORY



NAPPERBY PROJECT

(DYL 100% - Toro Energy Limited Option to Purchase)

In the period September to December 2006 following a successful trenching programme through the mineralised channel, Deep Yellow completed a detailed drill out of a 1,000 x 600 m block on 50 x 50 m centres over the trenched area. Consultants FinOre Pty Ltd estimated that the block contained an Inferred Mineral Resource of 1.9 million tonnes at 0.036% (360 ppm) U_3O_8 for 670 tonnes or 1.15 million pounds on contained U_3O_8.

The Inferred Mineral Resource occurs within a much more extensive mineralised system in a shallow (< 10 m deep) channel over 14 km of mineralised palaeochannel system. Previous exploration by Uranerz Australia Ltd (Uranerz) in the 1970's and 80's outlined a Non-JORC historic estimate of between 5,700 and 6,200 tonnes of contained U_3O_8 within a range of 0.036 - 0.038% (360 - 380 ppm) U_3O_8 occurring over the 14 km of the mineralised palaeochannel system.

In February 2007 Deep Yellow announced that it had reached agreement with Toro Energy Ltd (Toro) on commercial terms for the farm-in and acquisition of the Napperby Uranium Project and its associated tenements EL 24246 and EL 24606 by Toro. The proposal provides Toro with a three year period to advance the Napperby Project toward development with the option to acquire 100% of the project by paying Deep Yellow for the in-ground resource on the terms referred to below.

The principal commercial terms are as follows: -

1. Toro to make an upfront payment of A$2.3 million by issuing to Deep Yellow by the later of 25 March 2007 or the date of execution of the Sale Agreement, 3,066,667 Toro shares, based upon the 30-day Volume Weighted Average Price ("VWAP") on the 12 February 2007 of A$0.75/share. This transaction has been completed.

2. Toro agreed to spend a minimum of A$750,000 per year for a three year period on the Napperby tenements with the principle aim of delineating and upgrading resources to JORC (2004) standard.

3. Toro can elect to acquire 100% of the project at any time during the three year period by paying Deep Yellow an amount based on the agreed JORC resources (or, if acquired prior to full conversion to JORC standard, 13.2 million pounds of U_3O_8) and 8% of the spot US$ uranium price within a band of A$4.50 and A$6.00 per pound U_3O_8. At Toro's election the consideration may be any combination of cash and shares.

AUSTRALIA

4. The acquisition cost will be reduced by the upfront payment (refer point 1 above).

5. On acquisition, Toro will inherit the 2% gross royalty payable to Paladin Resources Limited. In addition, a 3% gross royalty will be payable to Deep Yellow on production above the lesser of either 13.2 million pounds U_3O_8 or the agreed JORC resources used to reference the acquisition cost and provided the uranium spot price is 15% greater than the spot uranium reference price at time of acquisition.

6. Toro may withdraw from the Sale Agreement at any time subject to the upfront payment of A$2.3 million being settled and all agreed expenditure being met on a pro-rata basis.

A key focus for Toro during the initial stages of the option period will be resource conversion drilling of the defined mineralised zone within the Historic Deposit Area as defined by previous explorers. Within this Historic Deposit Area, Deep Yellow defined an Inferred Mineral Resource of 1.9 million tonnes at 0.036% (360 ppm) U_3O_8 for 670 tonnes or 1.5 million pounds of contained U_3O_8 in a small portion of the defined mineralised system.

Preparations for the resource definition and further exploration work are already well advanced with drilling expected to commence in October pending Northern Territory Government approval and site clearances.

Although significant resource definition work is still required, the Boards and Management of both Deep Yellow and Toro are excited at the prospect of the Napperby Project being advanced toward a potentially viable economic mine, particularly given current long term uranium prices and future industry demand projections.

The divestment of the Napperby Uranium Project and its associated tenements EL's 24246 and 24606 to Toro will enable Deep Yellow to focus more strongly on a number of strategic exploration projects within the uranium prospective Tanami-Arunta Province and on bringing Angela-Pamela Project to fruition should it be granted those rights.

TANAMI-ARUNTA PROJECT

Deep Yellow's exposure to the highly prospective Tanami - Arunta uranium province totals approximately 45,255 km^2 comprising:

- 19 granted exploration licences covering 6,180 km^2 held 100%.
- 17 exploration licence applications covering 8,078 km^2 held 100%.
- 100% of the uranium rights to a further 30,997 km^2 of granted exploration licences and applications held by Tanami Gold NL (TGNL).

The target within the majority of the tenement areas is calcrete-hosted uranium mineralisation similar to the Company's Napperby deposit. The potential for this style of mineralisation occurring in buried (palaeo) channels can be rapidly assessed by airborne electromagnetic surveys and 1 to 2 km spaced shallow drill traverses. Other targets include roll-front uranium mineralisation at Nonouba 60 km to the west of the Angela - Pamela uranium deposits where previous drilling by Uranerz (1970's) returned up 1 m at 0.41% (4,100 ppm) U_3O_8 within the same reduced sandstone unit that hosts the Angela - Pamela mineralisation.

Deep Yellow has been constantly assessing and prioritizing target areas under granted tenure or applications within the Territory. Since early 2005 Deep Yellow has fully evaluated and 'relinquished' over 20,000 km^2 of unprospective ground (subject to the agreement with TGNL) and made application for 6,120 km^2 of new ground.

REYNOLDS RANGE PROJECT

The Reynolds Range Project comprises Deep Yellow's ELs 23923, 23924 and 23991 and TGNL's uranium rights in EL 23888 and EL 23655. These granted tenements are subject to two Native Title agreements specifically for gold exploration. Deep Yellow submitted a proposal to the Central Land Council (CLC) to carry out uranium exploration on the tenements in October 2006 and presented its proposal for exploration and possible future mining on the Project tenements to the Traditional Owners at three meetings convened by the CLC in June 2007. The CLC have notified the Company that the Traditional Owners have agreed to allow Deep Yellow access to explore and mine for uranium on the Reynolds Range tenements subject to finalising an Exploration Agreement. A draft of the Exploration Agreement has been received and is currently under review.

REVIEW OF OPERATIONS

AUSTRALIA

NONOUBA

During the current year Deep Yellow's application for EL 24547 (Nonouba) was granted. This tenement covering 605 km^2 is located 70 km south-west of Alice Springs. The tenement lies west along strike from the Angela - Pamela Uranium Prospect and contains the Undandita Sandstone Member, being the host lithology at Angela.

The Nonouba ground was previously explored for uranium by Uranerz from 1972-1983. Uranerz identified two prospects, "Daria" and "Nonouba", and returned assays up to 1900 ppm U_3O_8 over 0.5 m, hosted by carbonaceous - pyritic Undandita Sandstone, in the geometric form of a "redox roll-front".

Preliminary Aboriginal Sites Survey Clearance has been completed by the Aboriginal Areas Protection Authority and the Company hopes to commence exploration later this year.

ANGELA AND PAMELA

Deep Yellow has also made a submission, ELA 25767 (together with some 35 other companies) to Department of Primary Industry, Fisheries and Mines (DPIFM) to acquire the Angela and Pamela uranium deposits 25 km to the south of Alice Springs where drilling by Uranerz (1973-81) outlined an historic resource estimate for the Angela deposit of 12,650 t of U_3O_8 at a grade of 0.1% (1,000 ppm) U_3O_8. The above historic resources and intercepts are quoted by DPIFM.

The appeal by McCleary against the Supreme Court's decision to refuse McCleary's mining claim applications over the deposits is set for 23 October 2007. Although the Department are continuing to evaluate the 35 competing bids they will not advise who is successful until after the hearing.

ALICE SPRINGS JOINT VENTURE

(DYL 100% reducing to 30%)

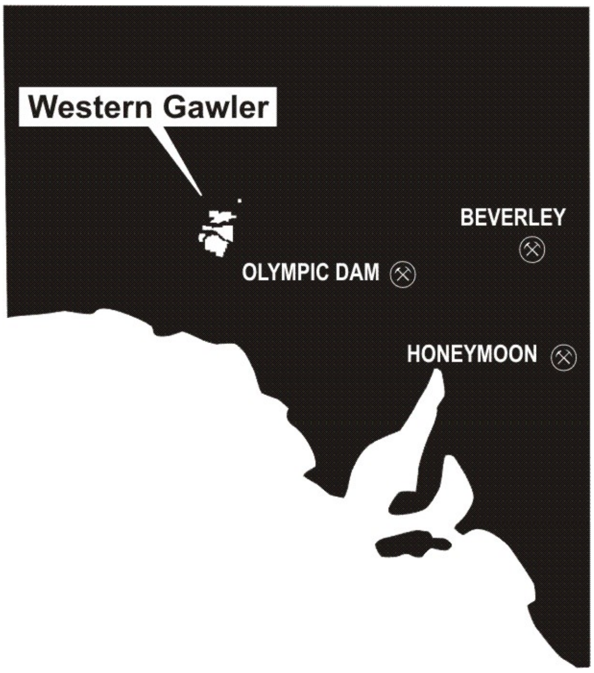
Deep Yellow reached agreement with Rum Jungle Uranium Limited (Rum Jungle) whereby Rum Jungle could enter into a Joint Venture with Deep Yellow on six exploration licences in the Alice Springs District (ELs 10360, 10401, 10404, 22918, 22923 and 25101).

The principal commercial terms are that Rum Jungle issue Deep Yellow with 2 million ordinary shares and 2 million options to acquire ordinary shares upon listing on the ASX so acquiring a 50% interest in the tenements. Rum Jungle can go on to earn a further 20% interest in the Joint Venture tenements by spending $2 million on exploration within four years.

REVIEW OF OPERATIONS

AUSTRALIA

SOUTH AUSTRALIA



WESTERN GAWLER PROJECT

(DYL can earn 100% of uranium rights)

In February 2006 the Company announced that it had reached agreement with Dominion Gold Operations Pty Ltd, a wholly owned subsidiary of Dominion Mining Limited (Dominion) to acquire the uranium rights (100%) to five exploration licences covering 3,291 km^2 in the Western Gawler Province. In addition to the original five tenements the agreement included a further four tenements totalling 2,411 km^2 for which access agreements need to be negotiated.

A review of the uranium potential of the Western Gawler palaeochannel systems indicated that they are widespread and extensive on the Gawler Craton and form an onshore extension to the Tertiary Eucla Basin. They are deeply incised into weathered Proterozoic and Precambrian crystalline and sedimentary basement rocks and display a strong structural control.

Despite being relatively unexplored, the Tertiary palaeochannel systems are known to host several uranium deposits including the Yarranna 1-4 Deposits (Narlaby Palaeochannel) and the Wynbring, Ealbara and Warrior Deposits (Kingoonya Palaeochannel). Indications of anomalous radioactivity are widespread within the region with uranium mineralisation believed to have been derived from the weathering of crystalline Proterozoic rocks and emplaced at suitable redox boundaries within the overlying sedimentary cover. In general, palaeochannel and mineralisation style resembles that seen at Honeymoon (Curnamona Province) where mineralisation is hosted by carbonaceous Eocene sands and blanketed by Miocene clays.

Exploration within the region seeks to target suitable redox boundaries developed within palaeochannel sands of the overlying Tertiary and Mesozoic succession. Carbonaceous channel sands of the Eocene Pidinga Formation form the major exploration target.

In January 2007 data from a 2,800 line km airborne electromagnetic survey (AEM) flown over interpreted palaeochannel positions within Dominion's tenements was received. The Tempest AEM system flown by Fugro on 1 km spaced flight lines successfully delineated a number of palaeochannels within the tenements.

Following clearance for its planned drilling programme from the Antakirinja Matu - Yankunytjatjara Native Title Claimants in early June, Deep Yellow commenced an initial pass of Aircore drilling with 145 holes for 9,856 m being drilled. These holes were sited along existing lines of access or where natural access permitted. Hole spacing varied from 500 m to 1 km, with hole depths ranging from 80 to 110 m.

Lithologies intersected included surficial channel sands; carbonaceous-lignitic clays; basinal clays, claystones and various metamorphic basement rocks. Most holes were radiometrically logged downhole and drill cuttings scanned with a hand-held scintillometer.

REVIEW OF OPERATIONS

AUSTRALIA

All of the targeted paleodrainages received some drill coverage, with the Mulgathing tributary of the Anthony Paleochannel receiving most attention. Only low order radiometric anomalism was detected. Assay results for the first 102 holes returned best values of 2 m at 43 ppm U_3O_8 (Challenger Channel) 4 m at 22 ppm U_3O_8 (Lake Anthony South Channel) and 2 m at 26 ppm U_3O_8 (Mulgathing Trough area). Whilst these values are low, the associated host rocks are considered prospective and worthy of further drilling in order to try and locate lignite hosted mineralisation and/or sandstone hosted roll front uranium mineralisation.

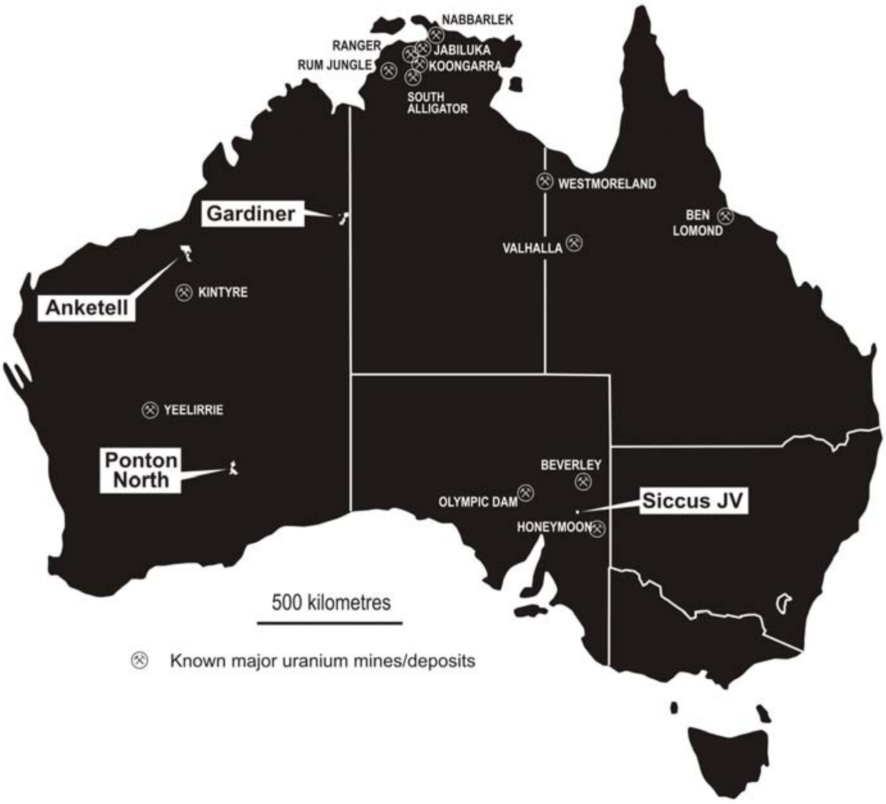
The Company plans to negotiate access to the additional tenements (ELs 3092, 3093, 3262 and 2884) over the seasonal break with a view of commencing drilling of palaeochannels within those tenements. In addition follow-up drilling to the 2007 programme is also planned as is a deep drill programme (± 150 m) within the Challenger, Anthony South and Mulgathing Trough in April/May 2008.

In May 2007 the Directors of Deep Yellow resolved to issue 21,931,651 fully paid ordinary shares in Deep Yellow to Dominion so acquiring a 51% interest in the uranium rights to Western Gawler tenements subject to the Western Gawler Uranium Exploration and Development Project Heads of Agreement.

REVIEW OF OPERATIONS

AUSTRALIA

DIVESMENT



BLACKGRANGE LTD / URANIO AGREEMENT

On 22 May 2007 the Boards of Deep Yellow and BlackGrange Ltd (to be renamed Uranio Limited "Uranio") announced they had reached agreement on commercial terms for the acquisition by Uranio of a majority interest in four Deep Yellow uranium properties located in Western Australia and South Australia.

Essentially, the proposal provides Uranio with the opportunity to acquire 70% of each of the wholly owned Deep Yellow properties and in addition to acquire an overall 70% interest in the Siccus Joint Venture, 90% of which is owned by Deep Yellow.

While these properties are highly prospective, they were mostly acquired during Deep Yellow's formative stages prior to its present Board's decision to concentrate efforts in select exploration areas where the Company now holds large tracts of land under tenure and exploration bases have been established.

Deep Yellow has received the first $500,000 payment in relation to this agreement and look forward to further benefiting its shareholders once Uranio has completed its IPO, listed on the ASX and commenced exploration on the tenements.

SICCUS JOINT VENTURE
(DYL 90% reducing to 20%)

EL 3288 is located to the southwest of Lake Frome in a geographical setting very similar to that seen at the Beverley Mine and Honeymoon Mine.

Mineralisation at Beverley is hosted by the Beverley Sands (Namba Formation) which were deposited into a structural depression created by movement on the Poontana Fault. Palaeochannel sands of the Eyre Formation occur at depth beneath the Namba Formation and host roll-front uranium mineralisation at the Beverley Four-Mile Deposit.

AUSTRALIA

Preliminary Interpretation of Deep Yellow's AEM survey over EL 3288 suggest the presence of a structure similar to the Poontana Fault (at Beverley) along the western margin of the tenement locally controlling sedimentation on the basin margin.

The tenement has received little attention in the past 20 years however a review of available historical data reveals that two drill holes within the tenement intersected anomalous uranium values within the Namba Formation (Beverley Sands equivalent). Historical drilling in the region generally did not penetrate deep enough to intersect the Eyre Formation so the potential for Honeymoon-Style mineralisation within the tenement remains untested.

The JV partners are planning a November 2007 drill programme that will target both 'Beverley-Style' mineralisation, hosted by sands within the Namba Formation (Miocene), and 'Honeymoon-Style' mineralisation within carbonaceous sands of the Eyre Formation (Eocene).

PONTON NORTH PROJECT
(DYL 100% reducing to 30%)

The Ponton North Project is located approximately 200 km northeast of Kalgoorlie on the edge of the Great Victoria Desert. The five exploration licences covering 1,050 km^2 were granted in August 2006 following the signing of a Heritage Agreement with the Traditional Owners.

The tenements are underlain by Tertiary palaeochannels which are considered highly prospective for uranium and which connect the Mulga Rocks Uranium Deposit discovered by PNC Exploration to the north with Paladin Resource's Ponton Project to the south.

To the northeast of the tenements, the Mulga Rock deposit (held by Eaglefield Holdings/Uranium Equities) comprises three separate zones of mineralisation - Shogun, Emperor and Ambassador Prospects (total 15,330 t of U_3O_8 at grade of 0.14% U_3O_8). These deposits occur along the outer margin of a broad bend in the palaeochannels. The uranium mineralisation is hosted by peat and clayey peat, which are flat-lying and are from 20 to 50 m below surface. The mineralised zones average about 2 m in thickness.

Uranerz drilled the area in the 1980's and outlined a well defined Tertiary palaeochannel drainage system. This work outlined the Driller's Corner Prospect at which uranium mineralisation up to 0.14% was detected from widespaced drilling. In addition, two 2 x 50 km anomalous areas containing greater than 0.02% U_3O_8 were delineated during work confirming that highly uraniferous waters flowed through these channel systems.

The Company has developed a number of targets lying within the palaeochannel which connects the Mulga Rock area to Paladin's Ponton Creek Prospect. The targets are based in part on drilling carried out by PNC in the 1980's.

ANKETELL
(DYL100% reducing to 30%)

The Anketell Project is located 350 km ESE of Port Hedland and comprises eleven exploration licence applications covering 2,985 km^2. The target is roll front uranium mineralisation hosted by Palaeozoic sandstones within the Waukarlycarly Embayment structure.

The Waukarlycarly Embayment is a fault bounded NNW trending trough of approximately 200 km strike with its headwaters below the Proterozoic Kintyre uranium deposit. It is bounded to the east by the Anketell Gravity Ridge (Telfer Gold Mine) and to the west by the Pilbara Archean Craton and the Proterozoic Paterson Orogenic Belt (Nifty Mine area). The trough opens to the NNW into the North West Shelf oil and gas fields.

Proterozoic granitic bodies in the district contain anomalous levels of uranium which are interpreted to be the source of uranium for the Tertiary (palaeochannel) Waukarlycarly uranium deposit to the southeast of the tenements. The tenements cover approximately 40 km strike of Jurassic Callawa Formation rocks which comprise fluviatile-fossiliferous sandstones - a preferred host for rollfront uranium mineralisation. The Callawa Formation outcrops within the southern tenements and dips gently to the north within the tenements. The Proterozoic granites are also interpreted as being a potential source for the leaching of uranium into the older sediments of the embayment structure.

It is proposed to assess historic data especially well field borehole logs to the north of the tenements which may provide valuable information on the prospectivity of the target sandstones to host in situ leach uranium targets.

REVIEW OF OPERATIONS

AUSTRALIA

GARDNER RANGE PROJECT
(DYL 100% reducing to 30%)

The Gardner Range Project is located 150 km, southeast of Halls Creek, Western Australia. The primary target in this project is unconformity related uranium (+ gold) deposits.

The basement geology consists of gneiss and schist of the Billabong complex and Browns Range Metamorphics and the Palaeoproterozoic MacFarlane Peak Group. These are overlain by clastic sediments of the Tanami Group of which the oldest lithologies, the Killi Killi Beds, represent the favoured uranium host rocks. Metamorphism and intrusion of a suite of granites at about 1840 million years makes them comparable to the host rocks of the East Alligator uranium province of the Northern Territory.

Past exploration for unconformity-related uranium deposits has been along the unconformable contact between the deformed Archean-Palaeoproterozoic basement rocks and the overlying sandstones and conglomerates of the Birrindudu Group.

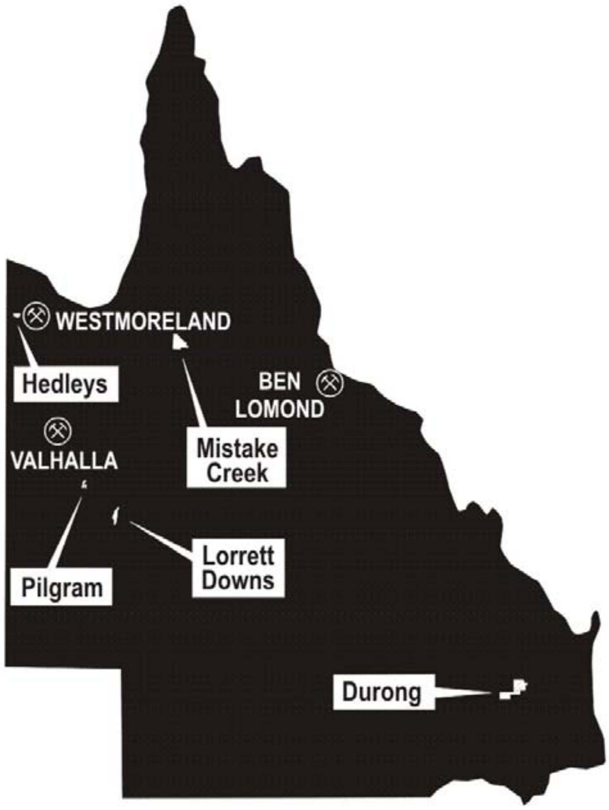
Major interest in uranium exploration was regenerated by the entry of Canadian interests in the late 1970's specifically motivated by the unconformity model and the Athabascan discoveries. The first granite-related uranium discovery at the Don Prospect in the eastern Gardner Range was made in 1980.

The Don uranium and gold occurrence within the Mt Junction area and the Deva anomaly within the Slatey Creek area confirms that the unconformity model is a prospective target for this region.

REVIEW OF OPERATIONS

AUSTRALIA

DIVESMENT



QUEENSLAND TENEMENT DIVESTMENT

Deep Yellow has decided to divest the Company of direct management of several of its 100% owned tenements in Queensland in order to focus specifically on Proterozoic basement hosted uranium mineralisation on its tenements in the Mt Isa district.

The majority of the tenements have a documented exploration history including uranium exploration which outlined anomalous results worthy of follow-up. The tenement locations are shown below.

The divestment package comprises:

- Granted EPM's 15072, 15494 and 15249 and Application 16008 in North West Queensland.
- Granted EPM's 15615, 15620, 15621, 15622 and 15624 in South East Queensland

Targets include shallow secondary uranium deposits associated with younger cover sequences to the Mt Isa Inlier basement rocks and uranium mineralisation in concealed Tertiary channels draining 'hot granites' in the Croydon district.

In the case of the Durong Project in South East Queensland there is an opportunity to explore for roll front uranium mineralisation in a buried palaeochannel setting as delineated by a recently flown airborne electromagnetic survey carried out by Deep Yellow.

Deep Yellow is seeking a party to take over management of the tenements through a joint venture arrangement whereby the incoming party can earn up to 70% interest in the tenements and Deep Yellow is free carried to a decision to mine.

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

The Board strongly supports the establishment and ongoing development of corporate governance framework to ensure that its practices are responsible and meet the needs of shareholders.

The Company operates in accordance with the principles of corporate governance as set out by the ASX Corporate Governance Council and as required by the ASX Listing Rules. The Directors have implemented policies and practices which they believe will focus their attention and that of their Senior Executives on accountability, risk management and ethical conduct.

This Statement sets out the corporate governance practices in place as at the date of this report all of which comply with the principles and recommendations of the ASX Corporate Governance Council unless otherwise stated.

Corporate Governance Council Recommendation 1

Role of the Board of Directors

The Board guides and monitors the business and management of the Company 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 Company including formulating its strategic direction, setting remuneration and monitoring the performance of Directors and Executives. The Board relies on Senior 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** which clarifies the respective roles of the Board and senior management and assists in decision making processes.

Board processes
The full Board currently holds six scheduled meetings each year, plus any extraordinary meetings at such other times as may be necessary.

An agenda for the meetings has been determined to ensure certain standing information is addressed and other items which are relevant to reporting deadlines and or regular review are scheduled when appropriate. The agenda is reviewed by the Chairman and the Managing Director.

Corporate Governance Council Recommendation 2

Board Composition

The Constitution of the Company provides that the number of Directors shall not be less than three. 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 shall include the quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the scope of activities of the Company, intellectual ability to contribute to Board duties and physical ability to undertake Board duties and responsibilities.

Directors are initially appointed by the Board and are subject to re-election by shareholders at the next general meeting. In any event one third of the Directors are subject to re-election by shareholders at each annual general meeting.

The Board is presently comprised of six members, four Non-Executive and two Executive.

- Mr Mervyn Greene - Chairman (Non-Executive)
- Dr Leon Pretorius - Managing Director
- Mr Martin Kavanagh - Executive Director
- Ms Gillian Swaby - Non-Executive
- Mr Rudolf Brunovs - Non-Executive Independent
- Mr Tony McDonald - Non-Executive Independent

Directors are expected to bring independent views and judgement to the Board's deliberations. Two of the Non-Executive Directors are considered by the Board to be independent. 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.

CORPORATE GOVERNANCE STATEMENT

The Chairman is not independent and therefore the Company has not complied with recommendation 2.2 of the Corporate Governance Council. Two of the six Directors are considered to satisfy the test of independence as set out in the principles and recommendations. The Board considers that both its structure and composition are appropriate given the size of the Company and that the interests of the Company and its shareholders are well met.

The skills, experience and expertise of all Directors are set out in the Directors' details section of the Directors' Report on page 27.

The selection and appointment process for Directors is carried out by the full Board. The Board considers that given the importance of Board composition it is appropriate that all members of the Board participate in such decision making.

Corporate Governance Council Recommendation 3

Ethical and Responsible Decision Making

The Board actively promotes ethical and responsible decision making.

Code of Conduct
The Board has adopted a Code of Conduct that applies to Directors and key Executives of the Company. This Code addresses 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;

Securities Trading Policy
The Board is committed to ensuring that the Company, its Directors and Senior Executives comply with their legal obligations as well as conducting their business in a transparent and ethical manner. Directors and Senior Executives (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 Policy does not prevent Directors and Senior Executives (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, provided that at the time the individual is not in possession of any price sensitive information, not otherwise generally available to all security holders.

The Board has a policy which prohibits trading in the securities of the Company by Directors and Senior Executives and nominated employees prior to written consent being obtained from the Chairman or Managing Director.

Corporate Governance Council Recommendation 4

Integrity in Financial Reporting

The Board requires the Managing Director and the Company Secretary to provide a written statement that the financial statements of the Company present a true and fair view, in all material aspects, of the financial position and performance and have been prepared in accordance with Australian accounting standards and the Corporations Act.

Until 7 August 2007, when an additional two Non-Executive Directors were appointed, the full Board fulfilled the role of an Audit Committee. An Audit Committee comprising of three of the four Non-Executive Directors was formed on the 7 August 2007. The members of the Audit Committee are listed in the Directors' details section of the Directors' Report.

The Audit Committee operates under a Charter (Audit Committee Charter). Their responsibilities include the appointment, compensation and oversight of the independent auditor and the review of the published financial reports.

CORPORATE GOVERNANCE STATEMENT

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

Corporate Governance Council Recommendation 5

Timely and Balanced Disclosure

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 Company's activities and to comply with the continuous disclosure requirements contained in the Corporations Act 2001 and the Australian Stock Exchange Listing Rules. The Company has adopted a Continuous Disclosure Policy designed to ensure compliance 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 with a view to the necessity for disclosure to security holders.

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

Corporate Governance Council Recommendation 6

Rights of Security Holders

Communications
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.

In addition to electronic communication via the ASX web site, the Company publishes all ASX announcements together with all quarterly reports. These documents are available in both hardcopy on request and on the Company web site at www.deepyellow.com.au. In addition a 'user friendly' interactive Annual Report will be available on the website.

The website provides shareholders and others interested in the Company the opportunity to receive additional information by registering to receive by email press releases and other materials posted to the website.

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

Corporate Governance Council Recommendation 7

Recognise and Manage Risk

Risk management
The Board is responsible for supervising management's framework of control and accountability systems to enable risk to be assessed and managed. The Board and Senior Executives regularly review, where necessary in conjunction with external professional consultants, procedures in respect of compliance with and the maintenance of its statutory, legal, ethical and environmental obligations.

To assist in the management of risk the Board has adopted an Occupational Health and Safety Policy, Environmental Policy and Ethics and Conduct Policy.

Corporate Governance Council Recommendation 8

Encourage Enhanced Performance

Performance review
The Board has not undertaken a formal review of its performance for the year ended 30 June 2007.

Recent changes to the Board composition will precipitate the adopting of procedures for the evaluation of the Directors and senior management on a more formal basis and a review will be undertaken in the 2008 financial year.

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

CORPORATE GOVERNANCE STATEMENT

Independent professional advice and access to information
Each Director has the right to access all relevant information in respect to the Company and to make appropriate enquiries of senior management.

Corporate Governance Council Recommendation 9

Remunerate Fairly and Responsibly

The Executive Directors and Senior Executives receive salary packages which may include performance based components designed to reward and motivate. Non-Executive Directors receive fees agreed on an annual basis by the Board.

The Remuneration Committee is responsible for reviewing and recommending to the Board, performance criteria, performance monitors, share option schemes, incentive performance schemes, superannuation entitlements, retirement and termination entitlements and professional indemnity and liability insurance cover.

Until 7 August 2007, when an additional two Non-Executive Directors were appointed, the full Board fulfilled the role of a Remuneration Committee. A Remuneration Committee comprising all four Non-Executive Directors was formed on 7 August 2007 and operates under a Charter (Remuneration Committee Charter).

Corporate Governance Council Recommendation 10

Recognise the Legitimate Interests of Stakeholders

The Board acknowledges and supports the rights of stakeholders and has adopted an Ethics and Conduct Policy which is detailed above under the Corporate Governance Council Recommendation 3.

DIRECTORS' REPORT

The Directors present their report on Deep Yellow Limited and the entities it controlled at the end of, and during the year ended 30 June 2007 (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 (appointed 30 November 2006, Elected Chairman 7 August 2007)
Mr Greene is an investment banker and entrepreneur who has worked in the US, Europe and Africa for more than 20 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. As part of its business IJG was involved in a number of capital raisings for Namibian State enterprises. Mr Greene has had broad experience in a range of corporate transactions both in Namibia and abroad and is involved in a non-executive capacity in a number of public and private businesses in Ireland and the UK. 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.

Mr Greene is a member of the Board's Remuneration Committee.

Dr Leon Pretorius *BSc BSc (Hons) MSc PhD FAusIMM (CP) MAIG PrNatSci*
Managing Director (resigned as Executive Chairman 7 August 2007)
Dr Pretorius is a Geochemist and brings to the Company 37 years experience and an intimate knowledge of the uranium industry in both Australia and Southern Africa, including MSc and PhD degrees in uranium research. He has worked in Africa, Canada, the United States of America and Europe in a variety of roles. He has also been involved with Paladin Resources Limited for the past seven years , firstly as an Executive Director of Paladin until 12 April 2005 and still as a Non-Executive Director of their Namibian operating mining company Langer Heinrich Uranium (Pty) Limited.

Martin Kavanagh *BSc (Hons) FAusIMM MAIG*
Executive Director (appointed as Non-Executive on 10 October 2005, accepted Executive appointment from 1 July 2006)
Mr Kavanagh is an exploration geologist with considerable experience acquired through extensive fieldwork, research and management of Australia-wide and offshore programmes. He has held several senior positions and worked widely within the exploration and mining industry throughout Australia and offshore in North America, Indonesia and the Southwest Pacific islands for the past 37 years. Mr Kavanagh was also a Non-Executive Director of Tanami Gold NL until 31 July 2007.

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 over 25 years. Ms Swaby has extensive experience in the area of secretarial practice, corporate governance, management accounting and corporate and financial management and sits on a number of advisory committees. 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. Ms Swaby is a current Non-Executive Director of Comet Ridge Limited having been appointed on 9 January 2004. She is currently the Company Secretary of Paladin Resources Limited and was a member of the Paladin Board for a period of nine years, resigning on 1 February 2003.

Ms Swaby is a member of the Board's Audit Committee and the Remuneration Committee.

Rudolf Brunovs *FCA FCPA FAICD MBA*
Non-Executive Director (appointed 7 August 2007)
Mr Brunovs is a former audit partner of the International Chartered Accounting firm Ernst & Young and practiced in a number of offices in Australia and overseas. For a total period of twelve 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 Division with Ernst & Young. Mr Brunovs is also a Director of the Lions Eye Institute Ltd and Chairman of Deckchair Theatre Inc.

Mr Brunovs is Chairman of the Board's Audit Committee and a member of the Remuneration Committee.

Tony McDonald *LLB*
Non-Executive Director (appointed 7 August 2007)
Mr McDonald is a lawyer and has been in private practice in Queensland for over 20 years. He has been a legal advisor to a number of resource based listed and unlisted companies and has been a director and corporate secretary of ASX listed companies. He is presently a Non-Executive Director of Planet Gas Limited. He was a Director of Kings Minerals NL resigning on 27 March 2007.

Mr McDonald is Chairman of the Board's Remuneration Committee and a member of the Audit Committee.

DIRECTORS' REPORT

Company Secretary

Mark Pitts *BBus CA*
Mr Pitts is a Chartered Accountant with over 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. Endeavour offers professional services focused on company secretarial support; corporate advice; supervision of ASIC and ASX reporting and compliance requirements; and commercial and financial support.

Directors' Interests

As at the date of this report the Directors' interests in shares and unlisted options of the Company are as follows:

Director	*Directors' Interests in Ordinary Shares*	*Directors' Interests in Unlisted Options*
Mervyn Greene	74,316,667	3,000,000
Leon Pretorius	65,000,000	5,000,000
Martin Kavanagh	487,500	10,000,000
Gillian Swaby	43,222,570	3,000,000
Rudolf Brunovs	-	-
Tony McDonald	866,666	-

Included in the Directors' interests in unlisted options are the following unlisted options, expiring 31 December 2008, that have vested and are able to be exercised.

Director	*Number of options*	*Exercise price*
Mervyn Greene	3,000,000	55.1 cents
Leon Pretorius	5,000,000	55.1 cents
Martin Kavanagh	3,000,000	21.1 cents
Martin Kavanagh	2,000,000	31.1. cents
Martin Kavanagh	5,000,000	55.1 cents
Gillian Swaby	3,000,000	55.1 cents

Directors' Meetings

The number of meetings of the Company's Directors held during the year ended 30 June 2007, whilst each Director was in office, and the number of meetings attended by each Director were:

Director	*Board of Directors' Meetings*	
	Eligible to Attend	*Attended*
Leon Pretorius	11	11
Martin Kavanagh	11	11
Gillian Swaby	11	10
Mervyn Greene	6	6

Principal Activities

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

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

Results of Operations

The consolidated net loss after income tax for the financial year was $2,791,135 (2006: $2,082,340).

Dividends

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

DIRECTORS' REPORT

Review of Activities

Operations

The Directors are pleased to report that the past year has seen the Company develop rapidly into a well funded diversified international uranium explorer by moving on from essentially a single advanced project focus at Napperby in the Northern Territory.

Initial encouragement from the drilling of the Miranda Prospect in the Mt Isa District was the impetus for the Company to acquire Superior Uranium Pty Ltd that held six exploration licences in the area and to ultimately establish a permanently staffed exploration office in Mt Isa. This move into one of Australia's prime uranium provinces has been rewarded by the return of significant uranium intersections from the Queens Gift Prospect together with the delineation of multiple targets for follow-up drilling elsewhere in the region.

The merger of the Company with Raptor Partners Limited (RPL) in Namibia saw the Company acquire four contiguous EPLs covering almost 3,000 km^2 containing significant historic uranium resources as previously outlined in the 1970s and 1980s by international mining companies. These historic resources have underpinned the establishment of an office/laboratory complex in Swakopmund now staffed by 13 full time employees. RC percussion drilling of the Tubas Prospect has increased the overall prospectivity of the area by returning shallow uranium mineralisation at increased grade and width to that previously reported in the historic data reviewed to date. In addition the presence of deep palaeochannels below the surface mineralised zones will be targeted for Langer Heinrich style mineralisation. The acquisition of low level airborne radiometric and magnetic survey data will also allow the Company to assess the potential of the tenement area to host Rössing style uranium mineralisation that occurs in basement alaskite complexes.

The coming year will see the Company focus on drill programmes in Queensland, the Northern Territory and South Australia with the objective of outlining 'resource potential' at the Queens Gift Prospect and returning 'economic intercepts' at other prospects.

In Namibia the Company will escalate resource definition work with a planned move from a single rig operation to two rigs in order to fast track resource estimation. Another rig will be employed to test new targets on three fronts, namely more close to surface secondary mineralisation indicated by the airborne radiometrics; deeper palaeochannel mineralisation based on a planned airborne electromagnetic survey; and, Rössing style mineralisation based upon the airborne magnetic survey data.

With $70M in cash and receivables, an experienced and highly motivated workforce and an exploration budget of ~$12 million, Deep Yellow is focused for further success in 2007-2008.

A more detailed review of the Group's operations in each of its key regions and project areas is set out in the section titled "Review of Operations" in this Annual Report.

Financial Position

At the end of the financial year the Group had $24,151,130 (2006: $14,210,940) in cash and at call deposits. Capitalised mineral exploration and evaluation expenditure was $88,193,438 (2006: $7,525,157).

Expenditure on exploration and acquisition of tenements during the year was $80,861,249 which includes the following project acquisition costs – Raptor Minerals Limited (Namibian tenements) $46,071,186, Superior Uranium Pty Ltd $9,489,964 (Queensland), and the following amounts paid to acquire interests under joint venture agreements – Matrix Metals Limited $9,158,555 (Queensland) and Dominion Mining Limited $12,738,006 (South Australia).

Of the $80,861,249 exploration and acquisition expenditure for the year, $74,790,913 was settled by the issue of share capital as part or full consideration.

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 13 October 2006 the Company announced the proposed acquisition of exploration assets in Namibia through the purchase of Raptor Minerals Limited. The first tranche of the transaction was settled by the cash payment of $2,580,000 on signing the agreement, and the issue of 92,000,000 ordinary shares settled on 27 November 2006. The second tranche was settled by the issue of 82,000,000 ordinary shares after shareholder approval was granted at the annual general meeting.

- On 19 December 2006 the Company announced the closure of an entitlement issue raising $15,526,527 for the issue of 129,387,726 ordinary shares.

- On 2 February 2007 the Company acquired the share capital of Superior Uranium Pty Ltd, a company with interests in Queensland. The consideration for the acquisition was 20,000,000 ordinary shares, equating to $9,500,000.

DIRECTORS' REPORT

- On 12 June 2007 the Company issued a prospectus for a Non Renounceable Entitlement Issue to raise up to $42,451,037 by the issue of up to 84,902,074 ordinary shares.

- On 22 May 2007 the Company agreed with BlackGrange Limited to sell a 70% interest in four uranium projects in South Australia and Western Australia. The Company has received $500,000 of initial payments prior to 30 June 2007. The balance of consideration is dependent upon the successful listing on the ASX of Uranio Limited (formerly BlackGrange Limited), and is to be in the form of $1,500,000 cash and shares equating to 9.8% of the issued share capital of Uranio Limited.

Options Over Unissued Capital

Unlisted Options

During the financial year the Company granted 26,000,000 unlisted options over unissued shares and issued 30,000,000 ordinary fully paid shares on the exercise of options. During the financial year 160,000 options lapsed unexercised.

As at the date of this report unissued ordinary shares of the Company under option are:

Number of Options Granted	*Exercise Price*	*Expiry Date*
12,500,000 *	8.1 cents	31 July 2008
3,000,000 *	21.1 cents	31 December 2008
2,000,000 *	31.1 cents	31 December 2008
16,000,000 *	55.1 cents	30 November 2009
3,500,000 **	44.6 cents	31 December 2009
1,500,000 **	64.6 cents	30 June 2010
3,500,000 ***	59.6 cents	31 December 2010
1,500,000 ***	74.6 cents	30 June 2011

Unlisted options issued to Directors, employees and consultants are subject to various vesting conditions as follows:

* Vest upon grant.
** Subject to an 18 month vesting period.
*** Subject to a 30 month vesting period.

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

Matters Subsequent to the End of the Financial Year

Refer to note 29 of the financial statement for information on the events occurring after the balance date.

Likely Developments and Expected Results of Operations

Likely developments in the operations of the Group are included elsewhere 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.

At the date of this report no agency has notified the Group of any environmental breaches during the financial year nor are the Directors aware of any environmental breaches.

Remuneration Report

Remuneration Policy

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced Directors and Senior Executives. The Board assesses the appropriateness of remuneration packages, given trends in comparative companies both locally and internationally. Remuneration packages comprise fixed remuneration and may include bonuses or equity based remuneration entirely at the discretion of the Board based on the performance of the Group.

DIRECTORS' REPORT

At the date of this report the Company has not entered into any agreements with Directors or Senior Executives which include performance based components. Options issued to Directors during the financial year were approved by shareholders and were not the subject of an agreement or issued subject to the satisfaction of a performance condition. The options were issued to encourage the recipients and to provide an incentive to strive for the achievement of the Company's objectives and to link those objectives to those of the shareholders. The exercise price of the options was set at a level which was 150% above the market price of the Company's shares at the time of issue of the options. For this reason no performance conditions were attached.

Options were deliberately chosen by the Board because they can provide the appropriate level of incentive required in an otherwise competitive environment and are very cost effective given the Company's stage of development.

Refer also to the Corporate Governance Statement for the Board's policy in this area.

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 Senior Executives which were employed by the Group for whom disclosure is required. Details of the remuneration of each Director of the Group are as follows:

	Short Term		*Post Employment*	*Share Based Payments*	
2007	*Base Emolument* $	*Other Benefits* $	*Superannuation Contributions* $	*Value of Options* $	*Total* $
Directors					
L Pretorius (i)(vi)	-	192,150	-	812,500	1,004,650
M Kavanagh (ii)(vii)	181,154	-	16,302	812,500	1,009,956
G Swaby (iii)	40,000	-	3,600	487,500	531,100
M Greene (iv)	23,331	-	-	487,500	510,831
Executives					
M Pitts (v)(viii)	60,000	-	-	237,525	297,525
Total	304,485	192,150	19,902	2,837,525	3,354,062

	Short Term		*Post Employment*	*Share Based Payments*	
2006	*Base Emolument* $	*Other Benefits* $	*Superannuation Contributions* $	*Value of Options* $	*Total* $
Directors					
L Pretorius (i)(vi)	-	135,120	-	1,358,000	1,493,120
M Kavanagh (ii)(vii)	30,000	45,000	-	272,000	347,000
G Swaby (iii)	30,000	-	-	272,000	302,000
G Steinepreis	-	15,000	-	-	15,000
J Pratt	30,000	-	2,700	-	32,700
H Warner	-	-	-	-	-
Executives					
M Pitts (v)(viii)	31,500	-	-	-	31,500
Total	121,500	195,120	2,700	1,902,000	2,221,320

(i) Options represent 80.9% (2006: 91.0%) of L Pretorius compensation for the year.
(ii) Options represent 80.4% (2006: 78.4%) of M Kavanagh compensation for the year.
(iii) Options represent 91.8% (2006: 90.1%) of G Swaby compensation for the year.
(iv) Options represent 95.4% (2006: N/a) of M Greene compensation for the year.
(v) Options represent 79.8% (2006: N/a) of M Pitts compensation for the year.
(vi) During the financial year the Group incurred expenses of $192,150 (2006: $135,120) with Opaline Gold (Pty) Limited in respect of consulting services provided by Dr L Pretorius.
(vii) During the financial year the Group incurred expenses of $Nil (2006: $45,000) with KEM Resources Limited, a company associated with Mr M Kavanagh, in respect of consultancy services.
(viii) During the financial year the Group incurred expenses of $60,000 (2006: $31,500) with Endeavour Corporate, a company associated with Mr M Pitts, in respect of company secretarial and accounting services.

Service Agreements

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

An agreement with Opaline Gold (Pty) Limited dated 25 June 2007, for consultancy services from Dr L Pretorius which has no fixed term. Professional fees under the contract are $196,200 per annum and may be increased or decreased after assessment by the Board of the performance of the Executive and the Group. Termination of the contract by the Group will result in a payment equivalent to 24 months consultancy fees.

An employment agreement with Mr M Kavanagh dated 25 June 2007, having no fixed term. Remuneration under the contract is $180,000 per annum, plus statutory superannuation and may be increased or decreased after assessment by the Board of the performance of the Executive and the Group. Termination of the contract by the Group will result in a payment equivalent to 24 months remuneration.

Unlisted Options

Unlisted Options provided as remuneration and shares issued on exercise of such options
The value of options set out in the remuneration table above for 2007 relates to 17,500,000 unlisted options granted during the financial year. The options were independently valued using a binomial option valuation methodology.

	Grant Date	*Number of options*	*Value of options*	*Total value of options granted ($)*	*Expiry date*	*Exercise price*
Directors						
L Pretorius (i)	21 December 2006	5,000,000	16.25 cents	812,500	30 November 2009	55.5 cents
M Kavanagh (i)	21 December 2006	5,000,000	16.25 cents	812,500	30 November 2009	55.5 cents
G Swaby (i)	21 December 2006	3,000,000	16.25 cents	487,500	30 November 2009	55.5 cents
M Greene (i)	21 December 2006	3,000,000	16.25 cents	487,500	30 November 2009	55.5 cents
Executives						
M Pitts (ii)	27 December 2006	750,000	15.49 cents	116,175	31 December 2009	45 cents
M Pitts (ii)	27 December 2006	750,000	16.18 cents	121,350	31 December 2010	60 cents
Total		17,500,000		2,837,525		

(i) The fair value of the options issued to Directors been allocated to the current reporting period as all options vest on grant date.
(ii) The fair value of options issued to other Key Management Personnel is allocated to the relevant vesting period of the options.

The options were provided at no cost to the recipients.

5,000,000 options issued to Key Management Personnel, were exercised during the financial year resulting in the issue of 5,000,000 ordinary shares. The amount paid per share was 3,000,000 shares at 21.1 cents and 2,000,000 shares at 31.1 cents each.

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 or criminal 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.

DIRECTORS' REPORT

Corporate Governance

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

Non-audit Services and Auditor's Independence Declaration

During the 2007 financial year Ernst & Young, the Company's auditor, has not provided non audit services in addition to their statutory duties.

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
Audit and review of the Group's financial statements	37,947	41,660	36,330	41,660
Taxation and other services	-	8,260	-	8,260
	37,947	49,920	36,330	49,920

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act is set out on page 34.

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

DATED at Perth this 26th day of September 2007.

Dr Leon Pretorius
Managing Director

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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 2007, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Gavin A Buckingham
Partner
Perth
26 September 2007

Liability limited by a scheme approved under Professional Standards Legislation.

INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

		Consolidated		Company	
		2007	2006	2007	2006
	Note	$	$	$	$
Revenue	5(a)	1,150,931	303,423	999,022	303,423
Other income	5(b)	913,804	581,007	913,804	581,007
Revenue		2,064,735	884,430	1,912,826	884,430
Depreciation and amortisation expenses	6	(431,848)	(333,314)	(427,943)	(333,314)
Marketing expenses		(14,134)	(33,414)	(12,158)	(33,414)
Occupancy expenses		(106,622)	(61,705)	(64,760)	(61,705)
Administrative expenses		(413,485)	(273,317)	(350,821)	(273,317)
Employee expenses	6	(3,265,873)	(2,271,061)	(3,090,436)	(2,271,061)
Finance costs		(112)	-	(112)	-
Corporate and other expenses		(307,425)	(88,834)	(306,144)	(88,834)
Exploration costs expensed		(192,968)	-	(192,968)	-
Provision for non recovery of loan		-	-	(470,282)	-
Net loss before income tax		(2,667,732)	(2,177,215)	(3,002,798)	(2,177,215)
Income tax (expense)/benefit	7	(123,403)	94,875	(137,503)	94,875
Loss after income tax	18	(2,791,135)	(2,082,340)	(3,140,301)	(2,082,340)

Earnings per share for loss attributable to the ordinary equity holders of the company.

		Cents	Cents
Basic loss per share	31	(0.34)	(0.43)
Diluted loss per share	31	(0.34)	(0.43)

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

BALANCE SHEET AS AT 30 JUNE 2007

	Note	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
ASSETS					
Current assets					
Cash and cash equivalents	8	24,151,130	14,210,940	17,856,841	14,210,940
Trade and other receivables	9(a)	1,434,620	30,756	1,379,792	30,756
Other financial assets	9(b)	233,297	203,545	74,634	203,545
Total current assets		25,819,047	14,445,241	19,311,267	14,445,241
Non- current assets					
Investments in controlled entities at cost	10(a)	-	-	57,868,146	-
Loans to controlled entities	10(b)	-	-	5,895,469	-
Available-for-sale investments	11	-	365,943	-	365,943
Property, plant and equipment	12	1,815,317	230,140	921,813	230,140
Capitalised mineral exploration and evaluation expenditure	13	88,193,438	7,525,157	31,770,468	7,525,157
Intangible assets	14	1,311,797	1,636,366	1,311,797	1,636,366
Total non-current assets		91,320,552	9,757,606	97,767,693	9,757,606
Total assets		117,139,599	24,202,847	117,078,960	24,202,847
LIABILITIES					
Current liabilities					
Trade and other payables	15	1,620,872	262,373	1,546,133	262,373
Total current liabilities		1,620,872	262,373	1,546,133	262,373
Non-Current liabilities					
Deferred tax liabilities	7	258,692	135,289	272,792	135,289
Total non-current liabilities		258,692	135,289	272,792	135,289
Total liabilities		1,879,564	397,662	1,818,925	397,662
Net assets		115,260,035	23,805,185	115,260,035	23,805,185
EQUITY					
Contributed equity	16	148,724,632	56,493,400	148,724,632	56,493,400
Accumulated losses	18	(37,235,683)	(34,444,548)	(37,584,849)	(34,444,548)
Equity compensation reserve	18	4,120,252	1,850,250	4,120,252	1,850,250
Asset fair value adjustment reserve	18	-	(93,917)	-	(93,917)
Foreign exchange reserve	18	(349,166)	-	-	-
Total equity		115,260,035	23,805,185	115,260,035	23,805,185

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 2007

		Consolidated		Company	
		2007	2006	2007	2006
	Note	$	$	$	$
Total equity at the beginning of the financial year		23,805,185	4,390,914	23,805,185	4,390,914
Movement in foreign exchange reserve	18	(349,166)	-	-	-
Fair value adjustment on investment recognised in equity	18	93,917	(93,917)	93,917	(93,917)
Net (expense)/income) recognised directly in equity		(255,249)	(93,917)	93,917	(93,917)
Loss for the year	18	(2,791,135)	(2,082,340)	(3,140,301))	(2,082,340)
Total recognised income and expense for the year		(2,791,135)	(2,082,340)	(3,140,301)	(2,082,340)
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity	16(b)	92,359,703	18,732,128	92,359,703	18,732,128
Transaction costs of equity issued	16(b)	(128,471)	(28,541)	(128,471)	(28,541)
Movement in equity compensation reserve	18	2,270,002	2,886,941	2,270,002	2,886,941
Total equity at the end of the financial year		115,260,035	23,805,185	115,260,035	23,805,185

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 2007

	Note	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
Cash flows from operating activities					
Interest received		1,150,931	303,423	999,022	303,423
Payments to suppliers and employees		(1,198,089)	(658,657)	(973,071)	(658,657)
Exploration expenditure		(3,084,339)	(842,471)	(2,629,990)	(842,471)
Cash received on issue of option to acquire interest in tenements		500,000	-	500,000	-
Other income received		3,052	-	3,052	-
Net cash used in operating activities	30	(2,628,445)	(1,197,705)	(2,100,987)	(1,197,705)
Cash flows from investing activities					
Payments for investments in controlled entities		-	-	(4,956,146)	-
Funds advanced to controlled entities		-	-	(6,233,074)	-
Proceeds from sale of investments		870,612	120,966	870,612	120,966
Payments for property, plant and equipment		(1,749,456)	(251,042)	(852,044)	(251,042)
Payments to acquire tenements		(2,973,794)	(917,000)	(17,648)	(917,000)
Proceeds on disposal of security deposits		176,869	-	176,869	-
Payments for security deposits		(178,214)	(114,545)	(20,000)	(114,545)
Net cash used in investing activities		(3,853,983)	(1,161,621)	(11,031,431)	(1,161,621)
Cash flows from financing activities					
Proceeds from the issue of shares		16,906,790	13,062,129	16,906,790	13,062,129
Payments for transaction costs relating to share issues		(128,471)	(28,541)	(128,471)	(28,541)
Net cash from financing activities		16,778,319	13,033,588	16,778,319	13,033,588
Net increase in cash and cash equivalents		10,295,891	10,674,261	3,645,901	10,674,261
Effects on cash of foreign exchange		(355,701)	-	-	-
Cash and cash equivalents at the beginning of the financial year		14,210,940	3,536,679	14,210,940	3,536,679
Cash and cash equivalents at the end of the financial year	8(a)	24,151,130	14,210,940	17,856,841	14,210,940

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

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 Stock 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 financial report includes separate financial statements for Deep Yellow Limited as an individual entity and the consolidated entity consisting of Deep Yellow Limited and its subsidiaries ("Group").

The financial report of Deep Yellow Limited (the Company) and of the Group was authorised for issue in accordance with a resolution of Directors on 24 September 2007.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporation 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, which include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial report also complies with International Financial Reporting Standards (IFRS).

Early adoption of standards
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 are available for early adoption at 30 June 2007, but 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 2005-10	Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]	Amendments arise from the release in August 2005 of AASB 7 *Financial Instruments: Disclosures.*	1 January 2007	AASB 7 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements. However the amendments will result in changes to the financial instrument disclosures included in the Group's financial report.	1 July 2007
AASB 2007-1	Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]	Amending standard issued as a consequence of AASB Interpretation 11 *Group and Treasury Transactions*	1 March 2007	This is consistent with the Group's existing accounting policies for share-based payments so will have no impact.	1 July 2007
AASB 2007-2	Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]	Amending standard issued as a consequence of AASB Interpretation 12 *Service Concession Arrangements*.	1 January 2007	As the Group currently has no service concession arrangements or public-private-partnerships (PPP), it is expected that this Interpretation will have no impact on its financial report.	1 July 2007

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2007-3	Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]	Amending standard issued as a consequence of AASB 8 *Operating Segments*.	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Groups financial statements. However the new standard may have an impact on the segment disclosures included in the Group's financial report.	1 July 2009
AASB 2007-4	Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments	The standard is a result of the AASB decision that, in principle, all accounting policy options currently existing in IFRS should be included in the Australian equivalents to IFRS and the additional Australian disclosures should be eliminated, other than those considered particularly relevant in the Australian reporting environment.	1 July 2007	As the Group does not anticipate changing any of its accounting policy choices as a result of the issue of AASB 2007-4 this standard will have no impact on the amounts included in the Group's financial statements. Changes to disclosure requirements will have no direct impact on the amounts included in the Group's financial statements. However the new standard may have an impact on the disclosures included in the Group's financial report.	1 July 2007
AASB 2007-6	Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 and 12]	Amending standard issued as a consequence of AASB 123 (revised) *Borrowing Costs.*	1 January 2009	As the Group does not currently construct or produce any qualifying assets which are financed by borrowings the revised standard will have no impact.	1 July 2009
AASB 2007-7	Amendments to Australian Accounting Standards [AASB 1, AASB 2, AASB 4, AASB 5, AASB 107 & AASB 128]	Amending standard issued as a consequence of AASB 2007-4.	1 July 2007	Refer to AASB 2007-4 above.	1 July 2007
AASB 7	*Financial Instruments: Disclosures.*	New standard replacing disclosure requirements of AASB 132.	1 January 2007	Refer to AASB 2005-10 above.	1 July 2007
AASB 8	*Operating Segments*	This new standard will replace AASB 114 *Segment Reporting* and adopts a management approach to segment reporting.	1 January 2009	Refer to AASB 2007-3 above.	1 July 2009
AASB 101 (revised October 2006)	Presentation of Financial Statements	Many of the disclosures from previous GAAP and all of the guidance from previous GAAP are not carried forward in the October 2006 version of AASB 101. The revised standard includes some text from IAS 1 that is not in the existing AASB 101 and has fewer additional Australian disclosure requirements than the existing AASB 101.	1 January 2007	AASB 101 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements. However, the revised standard may result in changes to the disclosures included in the Group's financial report.	1 July 2007

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 123 (revised June 2007)	Borrowing Costs	AASB 123 previously permitted entities to choose between expensing all borrowing costs and capitalising those that were attributable to the acquisition, construction or production of a qualifying asset. The revised version of AASB 23 requires borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset.	1 January 2009	Refer to AASB 2007-6 above.	1 July 2009
AASB Interpretation 10	*Interim Financial Reporting and Impairment*	Addresses an inconsistency between AASB 134 *Interim Financial Reporting* and the impairment requirements relating to goodwill in AASB 136 *Impairment of Assets* and equity instruments classified as available for sale in AASB 139 *Financial Instruments: Recognition and Measurement*	1 November 2006	The prohibitions on reversing impairment losses in AASB 136 and AASB 139 to take precedence over the more general statement in AASB 134 is not expected to have any impact on the Group's financial report.	1 July 2007
AASB Interpretation 11	*Group and Treasury Share Transactions*	Specifies that a share-based payment transaction in which an entity receives services as consideration for its own equity instruments shall be accounted for as equity-settled.	1 March 2007	Refer to AASB 2007-1 above.	1 July 2007
AASB Interpretation 12	*Service Concession Arrangements*	Clarifies how operators recognise the infrastructure as a financial asset and/or an intangible asset – not as property, plant and equipment.	1 January 2008	Refer to AASB 2007-2 above.	1 July 2008
AASB Interpretation 129 (revised June 2007)	Service Concession Arrangements: Disclosures	The revised interpretation was issued as a result of the issue of Interpretation 12 and requires specific disclosures about service concession arrangements entered into by an entity, whether as a concession provider or a concession operator.	1 January 2008	Refer to AASB 2007-2 above.	1 July 2008
IFRIC Interpretation 13	Customer Loyalty Programmes	Deals with the accounting for customer loyalty programmes, which are used by companies to provide incentives to their customers to buy their products or use their services.	1 July 2008	The Group does not have any customer loyalty programmes and as such this is not expected to have any impact on the Group's financial report.	1 July 2008
IFRIC Interpretation 14	IAS 19 – The Asset Ceiling: Availability of Economic Benefits and Minimum Funding Requirements	Aims to clarify how to determine in normal circumstances the limit on the asset that an employer's balance sheet may contain in respect of its defined benefit pension plan.	1 January 2008	The Group does not have a defined benefit pension plan and as such this is not expected to have any impact on the Group's financial report.	1 July 2008

* designates the beginning of the applicable annual reporting period

Historical cost convention

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

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS 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 financial statements of subsidiary companies are included in the consolidated financial statements from the date control commences until the date control ceases.

The financial statements of the subsidiary companies are prepared for the same reporting period as the parent company, using consistent accounting policies.

Inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation. Investments in subsidiaries are accounted for at cost in the individual financial statements of the Company.

(c) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(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 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 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 of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, at the inception of the lease are transferred to entities in the economic entity are classified as finance leases.

Finance leases are capitalised at inception of the lease at the fair value of the leased property or, if lower, the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are apportioned between this reduction in the lease liability and the finance charge, so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in the profit and loss.

Capitalised leased assets are depreciated on a straight-line basis over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that that the Group will obtain ownership of the asset by the end of the term.

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 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. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

(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 valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

(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:

	2007	2006
Office equipment and fittings	12.5 – 33% written down value	12.5 – 33% written down value
Motor vehicles	25% written down value	25% written down value
Site equipment	25% written down value	25% written down value
Leasehold property and buildings	5% of cost	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 or disposal. 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) Intangible assets

Specific policies applied to the Group's intangible assets are disclosed at note 14.

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Impairment
Intangible assets are tested for impairment when an objective indicator of impairment is present and, for intangible assets with indefinite lives, either individually or at the cash generating unit level. Useful lives are reviewed annually and any adjustments made on a prospective basis.

(l) Mineral exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. 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 are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

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.

(m) Restoration 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. Typically the obligation arises when the asset is installed at the production location. When the liability is initially recorded, the estimated cost is capitalised by increasing the carrying amount of the related mining assets. Over time, the liability is increased for the change in the present value based on the discount rates that reflect the current market assessments and the risks specific to the liability. Additional disturbances or changes in rehabilitation costs will be recognised as additions or changes to the corresponding asset and rehabilitation liability when incurred.

The unwinding of the effect of discounting on the provision is recorded as a finance cost in the income statement. The carrying amount capitalised in mining equipment is depreciated over the life of the related asset.

Costs incurred that relate to an existing condition caused by past operations, and do not have a future economic benefit are expenses as incurred.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

The Group has adopted AASB6 Exploration of and Evaluation on Mineral Resources, being the Australian equivalent to IFRS6, in preparing its financial statements.

(n) Joint ventures

The Company's joint venture interests are classified as joint venture assets in accordance with AASB131.

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 28.

(o) 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.

(p) Employee benefits

Wages, salaries and annual leave
Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected 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 expected 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 Directors and employees.

The fair value of options granted 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 options.

The fair value at grant date is independently determined using a binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free rate for the term of the option.

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

Upon the exercise of options, the balance of the share based payments reserve relating to those options 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.

(q) 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.

(r) Earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing the earnings 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 adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(s) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

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.

(t) Trade and other receivables

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

(u) 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 after 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 included to be held for an undefined period are not included in this classification.

Investments that are intended to be 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.

(v) Foreign currency translation

The functional and presentation currency of Deep Yellow Limited and its overseas subsidiaries is Australian dollars ($), Namibian dollars and US dollars respectively. These consolidated financial statements are presented in Australian dollars.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

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 ruling at the balance sheet date. All realised exchange differences are taken to profit and loss, foreign exchange differences arising on consolidation are recognised in reserves.

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.

(w) 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 a borrowing cost.

(x) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. Any adjustments to comparatives are disclosed in accordance with AASB101.

(y) 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 of 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. 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.

(z) Acquisition of controlled entities

The purchase method of accounting is used to account for all the acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Note 2 Financial risk management

The Group's activities expose it to a variety of financial risks; market risk, credit risk, liquidity risk and cash flow interest risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

(a) Foreign currency risk

Currently the Group is exposed to foreign currency risk as a result of having funds on deposit with overseas financial institutions in respect of its Namibian and British Virgin Island subsidiaries. The Group monitors this risk and is confident that funds held overseas are subject to stable economic influences.

(b) Credit risk

The Group's primary banker is Westpac Banking Corporation, at balance date all operating accounts and funds held on deposit are with this bank. The Directors believe any risk associated with the use of only one bank is mitigated by their size and reputation. Except for this matter the Group currently has no significant concentrations of credit risk.

(c) Liquidity risk

The Group manages its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for liquid finance resources to finance the Group's current and future operations.

(d) Cash flow and fair value interest rate risk

As the Group has significant interest bearing assets, the Group's income and operating cash flows are materially exposed to changes in market interest rates. The assets are short term interest bearing deposits, and no financial instruments are employed to mitigate risk. (Note 19 – Financial Instruments).

(e) Market risk

Currently the Group has no significant exposure to market risk.

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 1(l). 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 uses independent advisors to assist in valuing share based payments. Refer note 17 for details of estimates and assumptions used.

Amortisation of intangible assets
The Group's accounting policy is stated at note 1(k). An impairment review is undertaken on a half yearly and annual basis. Refer note 14.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

Note 4 Segment information

Business segments
The Group is involved in the mineral exploration and resource development sector.

Geographical segments
The Group's geographical segments are determined based on the location of the Group's assets. The following table presents revenue, expenses and certain asset information regarding geographical segments for the years ended 30 June 2007 and 30 June 2006.

	Australia $	Namibia $	Total $
Year Ended 30 June 2007			
Revenue			
Other revenue	1,912,826	151,909	2,064,735
Segment result	(2,670,019)	(121,116)	(2,791,135)
Depreciation and amortisation	427,943	3,905	431,848
Other segment information			
Segment assets	63,008,008	54,131,591	117,139,599
Capital expenditure	921,813	893,504	1,815,317
Capitalised exploration expenditure	41,453,131	46,740,307	88,193,438
Segment liabilities	(1,804,824)	(74,740)	(1,879,564)
Non cash transactions (i)	74,790,913	-	74,790,913
Year Ended 30 June 2006			
Revenue			
Other revenue	884,430	-	884,430
Segment result	(2,082,340)	-	(2,082,340)
Depreciation and amortisation	333,314	-	333,314
Other segment information			
Segment assets	24,202,847	-	24,202,847
Capital expenditure	230,140	-	230,140
Capitalised exploration expenditure	7,525,157	-	7,525,157
Segment liabilities	(397,662)	-	(397,662)
Non cash transactions (i)	5,670,000	-	5,670,000

(i) The non cash transactions relate to the acquisition of, and interests in, exploration assets. See note 30 for details of non cash transactions.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

Note 5 Revenue and other income

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
a) Revenue				
Interest received and receivable	1,150,931	303,423	999,022	303,423
	1,150,931	303,423	999,022	303,423
b) Other income				
Gain on sale of shares in unlisted subsidiary	-	578,371	-	578,371
Gain on sale of plant, property and equipment	-	2,455	-	2,455
Gain on sale of investment	410,752	-	410,752	-
Option fee on farm out agreement	500,000	-	500,000	-
Other income	3,052	181	3,052	181
	913,804	581,007	913,804	581,007

Note 6 Expenses

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
Loss before income tax includes the following specific expenses:				
Depreciation				
Office equipment	30,180	12,329	28,615	12,329
Motor vehicles	60,132	7,972	59,981	7,972
Site equipment	8,319	1,968	6,130	1,968
Buildings	8,648	-	8,648	-
Amortisation of intangible asset	324,569	311,045	324,569	311,045
	431,848	333,314	427,943	333,314
Employee expenses:				
Wages, salaries and fees	307,293	286,757	271,068	286,757
Superannuation	20,043	13,614	20,043	13,614
Share based payments	2,938,537	1,970,690	2,799,325	1,970,690
	3,265,873	2,271,061	3,090,436	2,271,061
Rental expenses on operating leases	24,342	26,226	24,342	26,226

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

Note 7 Income tax

	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
a) Income tax expense				
Current income tax:				
Current income tax charge (benefit)	(7,068,660)	(2,542,827)	(7,004,420)	(2,542,827)
Current income tax not recognised	7,068,660	2,542,827	7,004,420	2,542,827
Deferred income tax:				
Relating to origination and reversal of timing differences	123,403	(94,875)	137,503	(94,875)
Deferred income tax benefit not brought to account	-	-	-	-
Income tax expense reported in the income statement	123,403	(94,875)	137,503	(94,875)
b) Reconciliation of income tax expense to prima facie tax payable				
Loss from continuing operations before income tax expense	(2,667,732)	(2,177,215)	(3,002,798)	(2,177,215)
Tax at the Australian rate of 30% (2006 – 30%)	(800,320)	(653,164)	(900,839)	(653,164)
Effect of tax rates in foreign jurisdictions*	200	-	-	-
Tax effect:				
Provision for non recovery of intercompany loan	-	-	141,085	-
Non-deductible share based payment	881,561	591,207	839,798	591,207
Net deferred tax benefit not brought to account	-	(42,419)	-	(42,419)
Net deferred tax liability brought to account	41,962	9,501	57,459	9,501
Tax (benefit)/expense	123,403	(94,875)	137,503	(94,875)

* The Namibian subsidiaries acquired in the reporting period operate in a tax jurisdiction with higher corporate tax rates.

	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
c) Deferred tax – Balance Sheet				
Liabilities				
Prepayments	8,522	-	8,387	-
Intangible assets	393,539	490,910	393,539	490,910
Capitalised exploration and evaluation expenditure	9,588,950	2,257,547	9,531,140	2,257,547
	9,991,011	2,748,457	9,933,067	2,748,457
Assets				
Revenue losses available to offset against future taxable income	9,611,507	2,542,827	9,547,247	2,542,827
Accrued expenses	54,432	13,500	46,648	13,500
Deductible equity raising costs	66,380	56,841	66,380	56,841
	9,732,319	2,613,168	9,660,275	2,613,168
Net deferred tax liability	258,692	135,289	272,792	135,289

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

Note 7 Income tax (continued)

	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
d) Deferred tax – Income Statement				
Liabilities				
Prepayments	8,522	-	8,387	-
Intangible asset	(97,371)	490,910	(97,371)	490,910
Capitalised exploration expenses	7,331,403	1,942,457	7,273,593	1,942,457
Assets				
Accruals	(40,932)	(13,500)	(33,147)	(13,500)
Deductible equity raising costs	(9,539)	18,494	(9,539)	18,494
Increase in tax losses carried forward	(7,068,680)	(2,542,827)	(7,004,420)	(2,542,827)
Other	-	9,591	-	9,591
Deferred tax expense	123,403	(94,875)	137,503	(94,875)

The Company and the Group has not brought into the above analysis of future potential tax benefits its capital and revenue tax losses accrued until 30 June 2005 of $21,262,161, after receiving an independent professional opinion that the losses will not be available to the company due to the change at that time of business and ownership.

Note 8 Current assets - Cash and cash equivalents

	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
Cash at bank and in hand	6,664,929	287,087	370,640	287,087
Deposits at call	17,486,201	13,923,853	17,486,201	13,923,853
	24,151,130	14,210,940	17,856,841	14,210,940

The carrying amounts of cash and cash equivalents represents fair value.

(a) Reconciliation to cash and cash equivalents at the end of the year
The above figures reconciled to cash and cash equivalents at the end of the financial year as shown in the cash flow statement.

	Consolidated 2007 $	Company 2006 $	2007 $	2006 $
Balances as above	24,151,130	14,210,940	17,856,841	14,210,940
Bank overdrafts	-	-	-	-
Balance per cash flow statement	24,151,130	14,210,940	17,856,841	14,210,940

Cash at bank and in hand and deposits at call earn interest at floating rates based on daily bank deposit rates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

Note 9 Current assets – Trade and other receivables

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
a) Receivables				
GST recoverable	1,298,313	18,889	1,298,313	18,889
Other receivables	136,307	11,867	81,479	11,867
	1,434,620	30,756	1,379,792	30,756
b) Other financial assets				
Environmental, tenement and vehicle bonds	204,890	203,545	46,676	203,545
Prepayments	28,407	-	27,958	-
	233,297	203,545	74,634	203,545

Other financial assets primarily relate to bonds, which are funds held on deposit, that act as security for environmental bonds over tenements on which the Group has worked or is currently working. In addition bonds have been paid to customs authorities in respect of Australian registered vehicles transported to Namibia. Included in GST recoverable is an amount of $1,272,036 in respect of GST payable on the acquisition of the interest in the Western Gawler uranium project from Dominion Mining Limited. See note 19 for details of the fair value, interest rate risk exposure and expected maturity dates of trade and other receivables

Note 10 Non-current assets – Investments in and loans to controlled entities

	Consolidated		Company	
a) Interests in share capital of controlled entities:	2007	2006	2007	2006
	$	$	$	$
Raptor Minerals Limited	-	-	48,275,587	-
Superior Uranium Pty Ltd	-	-	9,592,559	-
	-	-	57,868,146	-
b) Loans to controlled entities:				
Reptile Uranium Namibia (Pty) Ltd	-	-	6,265,647	-
Provision for non recovery	-	-	(470,282)	-
Superior Uranium Pty Ltd	-	-	100,104	-
	-	-	5,895,469	-

Loans to controlled entities are non-interest bearing and repayable at call. The Directors of the Company do not intend to call for repayment of the loans within the next 12 months.

See note 26 for details of controlled entities.

Note 11 Non-current assets – Available for sale investments

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
Shares in Uranium Resources plc at cost	-	459,860	-	459,860
Less: fair value (decrement)	-	(93,917)	-	(93,917)
	-	365,943	-	365,943

The investment in Uranium Resources Plc was sold for $870,612 during the reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

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

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
Buildings				
At cost	1,210,120	-	418,460	-
Accumulated depreciation	(8,648)	-	(8,648)	-
	1,201,472	-	409,812	-
Office equipment and fittings				
At cost	230,960	101,852	188,418	101,852
Accumulated depreciation	(42,509)	(12,329)	(40,942)	(12,329)
	188,451	89,523	147,476	89,523
Motor vehicles				
At cost	366,369	138,655	359,137	138,655
Accumulated depreciation	(68,104)	(7,972)	(67,953)	(7,972)
	298,265	130,683	291,184	130,683
Site equipment				
At cost	137,416	11,902	81,440	11,902
Accumulated depreciation	(10,287)	(1,968)	(8,099)	(1,968)
	127,129	9,934	73,341	9,934
	1,815,317	230,140	921,813	230,140

	Consolidated		Company	
	2007	2006	2007	2006
Reconciliation				
Buildings				
Net book value at start of the year	-	-	-	-
Additions	1,210,120	-	418,460	-
Depreciation	(8,648)	-	(8,648)	-
Net book value at end of the year	1,201,472	-	409,812	-
Office equipment and fittings				
Net book value at start of the year	89,523	1,367	89,523	1,367
Additions	129,108	100,485	86,568	100,485
Depreciation	(30,180)	(12,329)	(28,615)	(12,329)
Net book value at end of the year	188,451	89,523	147,476	89,523
Motor vehicles				
Net book value at start of the year	130,683	-	130,683	-
Additions	227,714	138,655	220,482	138,655
Depreciation	(60,132)	(7,972)	(59,981)	(7,972)
Net book value at end of the year	298,265	130,683	291,184	130,683
Site equipment				
Net book value at start of the year	9,934	-	9,934	-
Additions	125,514	11,902	69,537	11,902
Depreciation	(8,319)	(1,968)	(6,130)	(1,968)
Net book value at end of the year	127,129	9,934	73,341	9,934

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

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

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
In the exploration and evaluation phase				
Cost brought forward	7,525,157	1,050,000	7,525,157	1,050,000
Acquisition of interests in Joint Ventures				
North West Queensland	9,158,555	-	9,158,555	-
Western Gawler	12,738,006	-	12,738,006	-
Acquisition of exploration assets				
Raptor Minerals Limited	46,071,186	-	-	-
Superior Uranium Pty Ltd	9,489,964	-	-	-
Tanami-Arunta uranium rights	-	4,606,170	-	4,606,170
Exploration expenditure incurred during the year at cost	3,403,538	2,068,987	2,541,718	2,068,987
Exploration costs on tenements disposed of during the period	-	(200,000)	-	(200,000)
Exploration expenditure written off	(192,968)	-	(192,968)	-
Cost carried forward	88,193,438	7,525,157	31,770,468	7,525,157

Note 14 Non-current assets – Intangible assets

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
Balance at beginning of the year	1,636,366	-	1,636,366	-
Asset acquired : Geological database licence	-	1,947,411	-	1,947,411
Less: amortisation	(324,569)	(311,045)	(324,569)	(311,045)
Balance at end of the financial year	1,311,797	1,636,366	1,311,797	1,636,366

The intangible asset relates to the Frome Database Licence Agreement with Paladin Energy Minerals NL entered into on 15 July 2005, and is amortised on a straight line basis over six years, being the term of the agreement.

Intangible assets are subject to a half yearly and annual impairment review. No impairment losses have been recognised during the financial year.

Note 15 Current liabilities – Trade and other payables

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
Trade payables and accruals	1,562,196	244,844	1,487,457	244,844
Other payables	58,676	17,529	58,676	17,529
	1,620,872	262,373	1,546,133	262,373

Trade payables and accruals are non interest bearing and normally settled on 30 day terms. Included in trade payables and accruals is an amount of $1,272,036 in respect of GST payable to Dominion Mining Limited on the acquisition of the interest in the Western Gawler uranium project.

Details of the Group's exposure to Interest rate risk and fair value in respect of its liabilities are set out in note 19. There are no secured liabilities as at 30 June 2007.

Note 16 Contributed equity

		Company		Company	
		2007	2006	2007	2006
		No.	No.	$	$
a) Share capital					
Issued share capital		1,023,824,884	627,045,966	148,724,632	56,493,400
b) Share movements during the year	*Issue price (cents)*				
At the beginning of the year		627,045,966	388,067,583	56,493,400	36,047,812
Issued on exercise of options	1.0	-	15,750,000	-	157,500
Issued in part consideration for Tanami–Arunta tenements	14.0	-	30,000,000	-	4,200,000
Issued in part consideration for Ponton North tenements	14.0	-	3,000,000	-	420,000
Issued in part consideration for Siccus tenements and Frome database	14.0	-	7,500,000	-	1,050,000
Issued on exercise of options	5.0	-	10,000,000	-	500,000
Issued on exercise of options	2.0	-	5,000,000	-	100,000
Issued under rights issue prospectus	7.5	-	157,728,383	-	11,829,629
Issued on exercise of options	7.5	-	5,000,000	-	375,000
Issued on exercise of options	2.0	-	5,000,000	-	100,000
Issued on exercise of options	0.5	25,000,000	-	125,000	-
Issued on acquisition of Raptor Minerals Limited – Tranche 1	15.1	92,000,000	-	13,892,000	-
Issued under rights issue prospectus	12.0	129,387,726	-	15,526,790	-
Issued on acquisition of Raptor Minerals Limited – Tranche 2	36.0	82,000,000	-	29,520,000	-
Issued on acquisition of Superior Uranium Pty Ltd	47.5	20,000,000	-	9,500,000	-
Issued to acquire interest in joint venture	42.5	21,459,541	-	9,158,555	-
Issued to acquire interest in joint venture	58.0	21,931,651	-	12,720,358	-
Issued on exercise of options	21.1	3,000,000	-	633,000	-
Issued on exercise of options	31.1	2,000,000	-	622,000	-
Add: transfer from equity remuneration reserve in respect of options exercised (note 18)	-	-	-	662,000	1,742,000
Less: costs related to shares issued	-	-	-	(128,471)	(28,541)
At the end of the year		1,023,824,884	627,045,966	148,724,632	56,493,400

c) Ordinary shares
The Company is a public company limited by shares. The Company was incorporated in Perth, Western Australia.

The 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. Refer note 29 in respect of shares issued after balance date.

d) Option plan
Information relating to options issued by the Company are set out in note 17.

The Company has an employees and other permitted persons option plan. Options over unissued shares are issued at the discretion of the Board.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

Note 17 Options

The options are granted free of charge and are exercisable at a fixed price in accordance with the terms of the grant.

a) Options issued, granted and lapsed during the year
During the financial year the company granted 26,000,000 unlisted options over unissued shares as follows:

Number of Options Granted	*Exercise Price*	*Expiry Date*
16,000,000	55.5 cents	30 November 2009
3,500,000	45.0 cents	31 December 2009
3,500,000	60.0 cents	31 December 2010
1,500,000	65.0 cents	30 June 2010
1,500,000	75.0 cents	30 June 2011
26,000,000		

During the year 30,000,000 unlisted options over unissued shares were exercised as follows:

Number of Options Exercised	*Exercise Price*	*Exercised Date*
25,000,000	0.5 cents	27 October 2006
3,000,000	21.1 cents	20 June 2007
2,000,000	31.1 cents	20 June 2007
30,000,000		

During the year 160,000 unlisted options over unissued shares lapsed unexercised. The expiry date for the options was 1 January 2007 and they were exercisable at 35 cents.

The weighted average share price for options exercised during the year was 25.59 cents (2006: 11.35 cents).

The weighted average fair value of options exercised in the reporting period is 2.21 cents (2006: 4.27 cents).

b) Options on issue at the balance date
The number of options outstanding over unissued ordinary shares at 30 June 2007 is 43,500,000 (2006: 47,660,000). The terms of these options are as follows:

Number of Options Outstanding	*Exercise Price*	*Expiry Date*
12,500,000 *	8.1 cents	31 July 2008
3,000,000 *	21.1 cents	31 December 2008
2,000,000 *	31.1 cents	31 December 2008
16,000,000 *	55.1 cents	30 November 2009
3,500,000 **	44.6 cents	31 December 2009
1,500,000 **	64.6 cents	30 June 2010
3,500,000 ***	59.6 cents	31 December 2010
1,500,000 ***	74.6 cents	30 June 2011
43,500,000		

Unlisted options issued to Directors, employees and consultants are subject to various vesting conditions as follows:

*   Vest upon grant.
**   Subject to an 18 month vesting period.
***   Subject to a 30 month vesting period.

The weighted average contractual life for options outstanding at the end of the reporting period is 25.16 months (2006: 22.31 months).

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

Note 17 Options (continued)

c) Subsequent to the balance date
No options have been granted or exercised subsequent to the balance date and prior to the date of signing this report.

Reconciliation of movement of options over unissued shares during the period including weighted average exercise price (WAEP)

	2007		2006	
	No.	WAEP (cents)	No.	WAEP (cents)
Options outstanding at the start of the year	47,660,000	9.87	52,410,000	2.70
Options granted during the year	26,000,000	56.37	37,500,000	14.07
Options exercised during the year	(30,000,000)	4.60	(40,750,000)	3.02
Options expiring unexercised during the year	(160,000)	35.00	(1,500,000)	50.00
Options outstanding at the end of the year	43,500,000	39.06	47,660,000	9.87

Basis and assumptions used in the valuation of options.

The following options were independently valued 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)
21 December 2006	16,000,000 *	55.5	30 Nov 2009	6.0%	75%	16.25
27 December 2006	3,500,000 **	45.0	31 Dec 2009	6.0%	75%	15.49
27 December 2006	3,500,000 ***	60.0	31 Dec 2010	6.0%	75%	16.18
7 June 2007	1,500,000 **	65.0	30 Jun 2010	6.15%	70%	27.51
7 June 2007	1,500,000 ***	75.0	30 Jun 2011	6.15%	70%	30.20

* Vest upon grant.
** Subject to an 18 month vesting period.
*** Subject to a 30 month vesting period.

The weighted average share price of options granted in the above table is 39.5 cents.

A dividend yield of 0% 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.

Note 18 Reserves and accumulated losses

2007	Consolidated Accumulated losses	Consolidated Equity compensation reserve (i)	Consolidated Asset fair value adjustment reserve (ii)	Company Accumulated losses	Company Equity compensation reserve (i)	Company Asset fair value adjustment reserve (ii)
	$	$	$	$	$	$
Balance brought forward at 1 July 2006	(34,444,548)	1,850,250	(93,917)	(34,444,548)	1,850,250	(93,917)
Loss for year	(2,791,135)	-	-	(3,140,301)	-	-
Recognition of options issued	-	2,932,002	-	-	2,932,002	-
Transfer to issued capital in respect of options exercised (i)	-	(662,000)	-	-	(662,000)	-
Adjustment to fair value of available for sale assets	-	-	93,917	-	-	93,917
Balance carried forward at 30 June 2007	(37,235,683)	4,120,252	-	(37,584,849)	4,120,252	-

2006	Consolidated Accumulated losses	Consolidated Equity compensation reserve (i)	Consolidated Asset fair value adjustment reserve (ii)	Company Accumulated losses	Company Equity compensation reserve (i)	Company Asset fair value adjustment reserve (ii)
	$	$	$	$	$	$
Balance brought forward at 1 July 2005	(32,362,208)	705,310	-	(32,362,208)	705,310	-
Loss for year	(2,082,340)	-	-	(2,082,340)	-	-
Recognition of options issued	-	2,886,940	-	-	2,886,940	-
Transfer to issued capital in respect of options exercised (i)	-	(1,742,000)	-	-	(1,742,000)	-
Adjustment to fair value of available for sale assets	-	-	(93,917)	-	-	(93,917)
Balance carried forward at 30 June 2006	(34,444,548)	1,850,250	(93,917)	(34,444,548)	1,850,250	(93,917)

(i) Equity compensation reserve
The equity compensation reserve is used to recognise the fair value of options issued but not exercised. Included in the amount of $2,886,940 recognised for the prior year is an amount of $916,250 in respect of options issued as a part consideration for the acquisition of tenements. The balance relates to options issued to Directors (refer note 21). Options exercised during the year have been previously recognised as an expense and as such a transfer is required from the Equity remuneration reserve to contributed equity (note 16).

(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, see note 1(u) for detail of the accounting policy.

Foreign exchange reserve

	Consolidated 2007	Consolidated 2006	Company 2007	Company 2006
	$	$	$	$
Balance brought forward at 1 July 2006	-	-	-	-
Movement for the year	(349,166)	-	-	-
Balance carried forward at 30 June 2007	(349,166)	-	-	-

The foreign exchange reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

The majority of the movement in the foreign exchange reserve relates to the effect of exchange rates on the A$6 million cash advanced to Reptile Uranium Namibia (Pty) Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

Note 19 Financial instruments

The Group and Company's exposure to interest rate risk (note 2(d)) is as follows:

	Weighted average effective interest %	Funds available at fixed interest rate < 1year $	Funds available at floating interest rate $	Assets / (liabilities) non interest bearing $	Total $
2007 Consolidated					
Financial assets					
Cash assets	6.82%	-	24,142,342	8,788	24,151,130
Receivables and secured deposits	7.77%	163,890	-	1,504,027	1,667,917
Total financial assets		163,890	24,142,342	1,512,815	25,819,047
Financial liabilities					
Payables	-	-	-	(1,620,872)	(1,620,872)
Total financial liabilities		-	-	(1,620,872)	(1,620,872)
Net financial assets/(liabilities)		163,890	24,142,342	(108,057)	24,198,175
2006 Consolidated					
Financial assets					
Cash assets	5.65%	-	14,210,940	-	14,210,940
Receivables and secured deposits	4.39%	192,545	-	41,756	234,301
Available for sale investments	-	-	-	365,943	365,943
Total financial assets		192,545	14,210,940	407,699	14,811,184
Financial liabilities					
Payables	-	-	-	(262,373)	(262,373)
Total financial liabilities		-	-	(262,373)	(262,373)
Net financial assets		192,545	14,210,940	145,326	14,548,811
2007 Company					
Financial assets					
Cash assets	6.06%	-	17,849,670	7,171	17,856,841
Receivables and secured deposits	4.17%	15,676	-	1,438,750	1,454,426
Loans to controlled entities	-	-	-	6,365,751	6,365,751
Total financial assets		15,676	17,849,670	7,811,672	25,677,018
Financial liabilities					
Payables	-	-	-	(1,546,133)	(1,546,133)
Total financial liabilities		-	-	(1,546,133)	(1,546,133)
Net financial assets		15,676	17,849,670	6,265,539	24,130,885
2006 Company					
Financial assets					
Cash assets	5.65%	-	14,210,940	-	14,210,940
Receivables and secured deposits	4.39%	192,545	-	41,756	234,301
Available for sale investments	-	-	-	365,943	365,943
Total financial assets		192,545	14,210,940	407,699	14,811,184
Financial liabilities					
Payables	-	-	-	(262,373)	(262,373)
Total financial liabilities		-	-	(262,373)	(262,373)
Net financial assets		192,545	14,210,940	145,326	14,548,811

The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair value.

Fixed interest rate assets mature within between 30 and 90 days.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

Note 20 Dividends

No dividends were paid or proposed during the financial year (2006: Nil).

The Company has no franking credits available as at 30 June 2007 (2006: Nil).

Note 21 Key Management Personnel disclosures

(a) Directors

The following persons were Directors of the Company during the financial year:

(i) Executive Chairman (resigned as Chairman and appointed Managing Director 7 August 2007)
Dr Leon Pretorius

(ii) Executive Director
Mr Martin Kavanagh (appointed as Non-Executive on 10 October 2005, accepted Executive appointment from 1 July 2006)

(iii) Non-Executive Directors
Ms Gillian Swaby
Mr Mervyn Greene (appointed 30 November 2006, elected Chairman on 7 August 2007)
Mr Rudolf Brunovs (appointed 07 August 2007)
Mr Tony McDonald (appointed 07 August 2007)

(b) Executives

(i) Company Secretary
Mr Mark Pitts

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.

Other than the appointments stated above, there were no changes of Key Management Personnel between the reporting date and the date the financial report was authorised for issue.

(c) Key Management Personnel Compensation

Compensation Policy
Compensation levels are competitively set to attract and retain appropriately qualified and experienced Directors and Senior Executives. The Board assesses the appropriateness of compensation packages, given trends in comparative companies both locally and internationally. Compensation packages comprise fixed compensation and may include bonuses or equity based compensation entirely at the discretion of the Board based on the performance of the Group.

At the date of this report the Company has not entered into any agreements with Directors or Senior Executives which include performance based components. Options issued to Directors during the financial year were approved by shareholders and were not the subject of an agreement or satisfaction of a performance condition. The options were issued to encourage the recipients in their involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end, by participation in the future growth and prosperity of the Company. It is thought that this means of providing this incentive is cost effective and efficient given the Company's stage of development.

Refer also to the Corporate Governance Statement for the Board's policy in this area.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

Note 21 Key Management Personnel disclosures (continued)

Details of Compensation for Directors and Executive Officers
Details of the compensation of each of the Key Management Personnel of the Group and Company are as follows:

2007	*Short Term*		*Post Employment*	*Share Based Payments*	
	Base Emolument $	*Other Benefits $*	*Superannuation Contributions $*	*Value of Options $*	*Total $*
Directors					
L Pretorius (i) (vi)	-	192,150	-	812,500	1,004,650
M Kavanagh (ii)(vii)	181,154	-	16,302	812,500	1,009,956
G Swaby (iii)	40,000	-	3,600	487,500	531,100
M Greene (iv)	23,331	-	-	487,500	510,831
Executives					
M Pitts (v) (viii)	60,000	-	-	237,525	297.525
Total	304,485	192,150	19,902	2,837,525	3,354,062

2006	*Short Term*		*Post Employment*	*Share Based Payments*	
	Base Emolument $	*Other Benefits $*	*Superannuation Contributions $*	*Value of Options $*	*Total $*
Directors					
L Pretorius (i)(vi)	-	135,120	-	1,358,000	1,493,120
M Kavanagh (ii)(vii)	30,000	45,000	-	272,000	347,000
G Swaby (iii)	30,000	-	-	272,000	302,000
G Steinepreis	-	15,000	-	-	15,000
J Pratt	30,000	-	2,700	-	32,700
H Warner	-	-	-	-	-
Executives					
M Pitts (v)(viii)	31,500	-	-	-	31,500
Total	121,500	195,120	2,700	1,902,000	2,221,320

(i) Options represent 80.9% (2006: 91.0%) of L Pretorius compensation for the year.
(ii) Options represent 80.4% (2006: 78.4%) of M Kavanagh compensation for the year.
(iii) Options represent 91.8% (2006: 90.1%) of G Swaby compensation for the year.
(iv) Options represent 95.4% (2006: N/a) of M Greene compensation for the year.
(v) Options represent 79.8% (2006: N/a) of M Pitts compensation for the year.
(vi) During the financial year the Group incurred expenses of $192,150 (2006: $135,120) with Opaline Gold (Pty) Limited in respect of consulting services provided by Dr L Pretorius.
(vii) During the financial year the Group incurred expenses of $Nil (2006: $45,000) with KEM Resources Limited, a company associated with Mr M Kavanagh, in respect of consultancy services.
(viii) During the financial year the Group incurred expenses of $60,000 (2006: $31,500) with Endeavour Corporate, a company associated with Mr M Pitts, in respect of company secretarial and accounting services.

Service Agreements

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

An agreement with Opaline Gold (Pty) Limited dated 25 June 2007 for consultancy services from Dr L Pretorius which has no fixed term. Professional fees under the contract are $196,200 per annum and may be increased or decreased after assessment by the Board of the performance of the Executive and the Group. Termination of the contract by the Group will result in a payment equivalent to 24 months consultancy fees.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

Note 21 Key Management Personnel disclosures (continued)

An employment agreement with Mr M Kavanagh dated 25 June 2007, having no fixed term. Remuneration under the contract is $180,000 per annum, plus statutory superannuation and may be increased or decreased after assessment by the Board of the performance of the Executive and the Group. Termination of the contract by the Group will result in a payment equivalent to 24 months remuneration.

d) Equity instrument disclosures relating to Key Management Personnel

Unlisted Options provided as remuneration and shares issued on exercise of such options
The value of options set out in the Directors and Executive Officers compensation table below relates to 17,500,000 unlisted options granted during the financial year. The options were independently valued using a binomial option valuation methodology.

		Grant Date	*Number of options*	*Value of options*	*Total value of options granted ($)*	*Expiry date*	*Exercise price*
Directors							
L Pretorius	(i)	21 December 06	5,000,000	16.25 cents	812,500	30 November 2009	55.5 cents
M Kavanagh	(i)	21 December 06	5,000,000	16.25 cents	812,500	30 November 2009	55.5 cents
G Swaby	(i)	21 December 06	3,000,000	16.25 cents	487,500	30 November 2009	55.5 cents
M Greene	(i)	21 December 06	3,000,000	16.25 cents	487,500	30 November 2009	55.5 cents
Executives							
M Pitts	(ii)	27 December 06	750,000	15.49 cents	116,175	31 December 2009	45 cents
	(ii)	27 December 06	750,000	16.18 cents	121,350	31 December 2010	60 cents
Total			17,500,000		2,837,525		

(i) The fair value of the options issued to Directors been allocated to the current reporting period as all options vest on grant date.
(ii) The fair value of options issued to other Key Management Personnel is allocated to the relevant vesting period of the options.

The options were provided at no cost to the recipients.

5,000,000 options issued to Key Management Personnel, were exercised during the financial year resulting in the issue of 5,000,000 ordinary shares. The amount paid per share was 3,000,000 shares at 21.1 cents each and 2,000,000 shares at 31.1 cents each.

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:

2007 Name	Balance at start of the year	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors						
L Pretorius	-	5,000,000	-	-	5,000,000	5,000,000
M Kavanagh	5,000,000	5,000,000	-	-	10,000,000	10,000,000
G Swaby	5,000,000	3,000,000	(5,000,000)	-	3,000,000	3,000,000
M Greene	-	3,000,000	-	-	3,000,000	3,000,000
Executives						
M Pitts	-	1,500,000	-	-	1,500,000	750,000

The 750,000 un-vested options issued to M Pitts are exercisable on 10 April 2008.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

Note 21 Key Management Personnel disclosures (continued)

2006 Name	Balance at start of the year	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors						
L Pretorius	-	15,000,000	(15,000,000)	-	-	-
M Kavanagh	-	5,000,000	-	-	5,000,000	5,000,000
G Swaby	-	5,000,000	-	-	5,000,000	5,000,000
J Pratt (i)	10,000,000	-	(10,000,000)	-	-	-
G Steinepreis (i)	9,000,000	-	(9,000,000)	-	-	-
H Warner (ii)	9,000,000	-	(9,000,000)	-	-	-
Executives						
M Pitts	-	-	-	-	-	-

(ii) Resigned 10 October 2005
(iii) Resigned 18 July 2005

Share holdings
The number of shares in the Company held during the financial year by each Director of the Company 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.

2007 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				
L Pretorius	50,000,000	-	10,000,000	60,000,000
M Kavanagh	375,000	-	75,000	450,000
G Swaby	25,700,000	5,000,000	9,197,758	39,897,758
M Greene	-	-	68,600,000	68,600,000
Executives				
M Pitts	250,000	-	170,000	420,000

2006 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				
L Pretorius	15,000,000	15,000,000	20,000,000	50,000,000
M Kavanagh	-	-	375,000	375,000
G Swaby	-	-	25,700,000	25,700,000
J Pratt (i)	3,125,000	10,000,000	(10,125,000)	3,000,000
G Steinepreis (i)	36,579,166	9,000,000	(45,579,166)	-
H Warner (ii)	34,579,166	9,000,000	(43,579,166)	-
Executives				
M Pitts	-	-	250,000	250,000

(i) Resigned 10 October 2005
(ii) Resigned 18 July 2005

Other changes during the year occurred at an arms length basis.

e) 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.

Note 21 Key Management Personnel disclosures (continued)

f) Other transactions with Key Management Personnel

The Company leased a property in Perth on commercial terms for the period from 1 January 2007 from Dr L Pretorius for $30,000 (2006: $nil).

The Company paid $48,425 (2006: $8,580) to Endeavour Corporate, a firm associated with Mr M Pitts for administrative support.

During the prior year the Company paid $15,597 to Ord Street Services, an entity associated with former Director Mr D Steinepreis in respect of office rent.

During the prior year the Company paid $15,000 to Ascent Capital Pty Limited for corporate services provided. Ascent Capital Pty Ltd is a company associated with former Directors Mr D Steinepreis, Mr G Steinepreis and Mr H Warner.

Note 22 Remuneration of auditors

	Consolidated		Company	
	2007 $	2006 $	2007 $	2006 $
Audit and review of the Group's financial statements	37,947	41,660	36,330	41,660
Taxation and other services	-	8,260	-	8,260
	37,947	49,920	36,330	49,920

Note 23 Contingencies

(i) Contingent liabilities

There were no material contingent liabilities not provided for in the financial statements of the Company or Group as at 30 June 2007 other than:

Native Title and Aboriginal Heritage

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

(ii) Contingent assets

In the 2005 financial year, the Company's previous management entered into an arrangement to settle outstanding debts. Part of this arrangement involved setting up a Creditor's Trust to hold assets to be used in the settlement process. The Company has been advised by the Trustees of the Creditor's Trust that all outstanding debts have been repaid in full and that an excess of assets exists.

The Company considers that it is probable that an amount may be received as a distribution from the Trust, however the quantum is unlikely to be material and cannot be reasonably estimated at this time.

Note 24 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. 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 $1,749,540 (2006: $1,290,000) respectively. 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.

(b) Operating lease commitments

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

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
Within one year	38,244	34,816	38,244	34,816
Later than one year but not later than five years	9,759	48,001	9,759	48,001
	48,003	82,817	48,003	82,817

The operating lease commitment includes the lease of the head office of the Company, expiring 21 September 2008 with an option of a further 2 years available. The rent is based on an agreed annual increase.

(c) Contractual commitments

There are no contracted commitments other than those disclosed above.

Note 25 Related party transactions

In addition to the disclosures relating to Key Management Personnel at note 21 (f) there were the following transactions with wholly owned subsidiaries of the Company.

During the year the Company incurred expenses on behalf of its subsidiary companies and advanced working capital for the funding of the subsidiary companies operations. Transactions during the year were on normal commercial terms and are as follows:

	2007	2006
Reptile Uranium Namibia (Pty) Ltd:	$	$
Recharged exploration expenditure	41,373	-
Recharged vehicle costs	91,597	-
Fair value of options issued to employees as remuneration	132,677	-
Cash advanced to fund operations	6,000,000	-
Superior Uranium Pty Ltd:		
Recharged exploration expenditure	100,104	-

Balances of intercompany loans as at the reporting date are provided at note 10(b). No repayments have been made or services provided by subsidiary companies to the Company during the reporting period.

There were no other related party transactions during the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

Note 26 Controlled entities

Controlled Entity	Country of Incorporation	2007 Proportion of share capital owned %	2007 Carrying value of investment $	2006 Proportion of share capital owned %	2006 Carrying value of investment $
Raptor Minerals Limited	British Virgin Islands	100	48,275,587	-	-
Reptile Mineral Resources and Exploration(Pty) Ltd	Namibia	100	-	-	-
Reptile Uranium Namibia (Pty) Ltd	Namibia	100	-	-	-
Superior Uranium Pty Ltd	Australia	100	9,592,559	-	-
			57,868,146		-

See note 27 for details of the acquisition of Raptor Minerals Limited and Superior Uranium Pty Ltd.

Note 27 Acquisition of controlled entities

Acquisition of Raptor Minerals Limited

During the year ended 30 June 2007 the Company completed the acquisition of Raptor Minerals Limited; a British Virgin Islands registered company. Raptor Minerals Limited has a wholly owned Namibian subsidiary Reptile Mineral Resources and Exploration Pty Ltd, which in turn has a wholly owned subsidiary Reptile Uranium Namibia (Pty) Ltd (formerly Reptile Investments Four (Pty) Limited), a Namibian registered company, which held three Exclusive Prospecting Licences and one application for an Exclusive Prospecting Licence in Namibia.

The Company funded the acquisition on 13 October 2006 by payment of AUD$2,580,000 and by issuing 174,000,000 ordinary shares in two tranches - 92,000,000 ordinary shares on 27 November 2006 and a second tranche of 82,000,000 ordinary shares on 22 December 2006. An amount of $2,000,000 was invested as additional equity at the date of acquisition. In addition the Company incurred professional and other expenses of $283,587 in relation of the acquisition.

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

	Fair value of assets acquired $
Cash assets	831
Exploration assets	203,570
Fair value attributable to exploration assets acquired	46,071,186
	46,275,587

Acquisition of Superior Uranium Pty Ltd

During the year ended 30 June 2007 the Company completed the acquisition of Superior Uranium Pty Ltd an Australian registered company. The acquisition was funded by issue of 20,000,000 ordinary shares on 2 February 2007. In addition the Company incurred professional and other expenses of $92,559 in relation of the acquisition.

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

	Fair value of assets acquired $
Cash assets	10,000
Exploration assets	92,595
Fair value attributable to exploration assets acquired	9,489,964
	9,592,559

Note 28 Interests in joint ventures

Joint venture agreements have been entered into with third parties, whereby the Company 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 (refer note 13). The Group is currently in the earn-in phase of it's joint venture agreements.

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

- On 28 February 2007 the Company issued shares as part consideration on the initial earn in to the Northwest Queensland Joint Venture. The Company can earn a 51% interest by spending $2,600,000 by February 2009, and can earn a further 29% interest in the project by the payment of $3,000,000 to Matrix Metals Limited.

- On 22 May 2007 the Company issued shares to acquire a 51% interest, after previously meeting the requirement to spend $500,000 within a year from the date of agreement in the Western Gawler project from Dominion Mining Limited. The Company can earn a 90% interest in the project by spending a minimum of $1,000,000 and $1,500,000 in consecutive subsequent years.

- On 15 February 2007 the Company entered into an agreement with Toro Energy Limited (Toro) which granted an option to farm-in and purchase the Napperby project in the Northern Territory, subject to Toro issuing 3,066,667 shares to the value of $2,300,000, and meeting agreed expenditure requirements on the project. Toro can elect to purchase the project from the Company at any time during the three year agreement period.

- On 22 May 2007 the Company agreed with BlackGrange Limited to sell a 70% interest in four uranium projects in South Australia and Western Australia. The Company has received $500,000 of initial payments prior to 30 June 2007. The balance of consideration is dependent upon the successful listing on the ASX of Uranio Limited (formerly BlackGrange Limited), and is to be in the form of $1,500,000 cash and shares equating to 9.8% of the issued share capital of Uranio Limited.

Note 29 Events occurring after the balance sheet date

Other than the following matters 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.

- On 20 July 2007 the Company received 3,066,667 shares valued at $2,300,000 in Toro Energy Limited in relation to an agreement dated 15 February 2007 in which the Company granted an option to farm-in and purchase the Napperby project in the Northern Territory to Toro Energy Limited.

- On 30 August 2007 the Company entered into an agreement with Rum Jungle Uranium Limited to sell a majority interest in six tenements located in the Northern Territory. The transaction is subject to Rum Jungle Uranium Limited's proposed admission to the official list of the ASX by 30 October 2007.

- On 27 July 2007, the Company completed a one for twelve non-renounceable entitlement issue, successfully raising $42,451,037 through the issue of 84,902,074 ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

Note 30 Reconciliation of loss after tax to net cash outflow from operating activities

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
Loss after income tax	(2,791,135)	(2,082,340)	(3,140,301)	(2,082,340)
Depreciation and amortisation	431,848	333,314	427,943	333,314
Non-cash element of compensation on sale of shares in subsidiary	-	(459,860)	-	(459,860)
Provision for non recovery of intercompany loan	-	-	470,282	-
Profit on disposal of investments	(410,752)	-	(410,752)	-
Share based payments expense	2,938,537	1,970,690	2,799,325	1,970,690
Exploration expenditure	(2,903,574)	(1,052,151)	(2,348,750)	(1,052,151)
Change in operating assets and liabilities:				
Increase in receivables	(103,235)	(18,889)	(47,958)	(18,889)
Increase/(decrease) in deferred tax liability	123,403	(94,875)	137,503	(94,875)
Increase in payables	86,463	206,406	11,721	206,406
Net cash outflow from operating activities	(2,628,445)	(1,197,705)	(2,100,987)	(1,197,705)

Non cash financing and investing activities

During the financial year the Group entered into a number of transactions which had material non cash components (refer note 16(b)):

a) 174,000,000 ordinary shares in the Company in part consideration for the acquisition of Raptor Minerals Limited;

b) 20,000,000 ordinary shares in the Company in consideration for the acquisition of Superior Uranium Pty Ltd;

c) 21,459,541 ordinary shares in the Company in part consideration for the earn in to the uranium rights of Matrix Metals Limited in Mt Isa, Queensland;

d) 21,931,651 ordinary shares in the Company in part consideration for the earn in to the Western Gawler uranium rights from Dominion Mining Limited.

During the prior financial year the Group entered into a number of transactions which had material non cash components (refer note 16(b)):

e) 30,000,000 ordinary shares in the Company in part consideration for the acquisition of Tanami Gold NL and Tanami Exploration NL's entire interest in any uranium minerals in their tenements;

f) 3,000,000 ordinary shares in the Company in part consideration for the acquisition of A1 Minerals Limited's tenements in the Ponton Region of Western Australia;

g) 7,500,000 ordinary shares and 12,500,000 options in the Company in part consideration for the acquisition of Paladin Resources Ltd's 90% interest in the Siccus Joint Venture in South Australia.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

Note 31 Earnings per share

	Consolidated 2007 Cents	2006 Cents
a) Basic earnings per share		
Loss attributable to ordinary equity holders of the Company	(0.34)	(0.43)
b) Diluted earnings per share		
Loss attributable to ordinary equity holders of the Company	(0.34)	(0.43)
c) Loss used in calculation of basic and diluted loss per share		
Loss after tax from continuing operations	(2,791,135)	(2,082,340)
d) Weighted average number of shares used as the denominator		
Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share	828,261,137	480,768,984

There are on issue 43,500,000 options at 30 June 2007 (2006: 47,660,000) 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 and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options are not considered to be dilutive and accordingly have not been included in the determination of basic earnings per share.

DIRECTORS' DECLARATION

In the opinion of the Directors of Deep Yellow Limited ("the Company")

(a) the financial statements and notes set out on pages 35 to 71 are in accordance with the Corporations Act 2001, including:

  (i) complying with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the financial position of the Company and Consolidated Entity as at 30 June 2007 and of their performance, as represented by the results of their operations, changes in equity and their cash flows, for the financial year ended on that date.

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Managing Director and Company Secretary for the financial year ended 30 June 2007.

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

On behalf of the Board

Signed at Perth this 26th day of September 2007.

Dr Leon Pretorius
Managing Director

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

GPO Box M939
Perth WA 6843

Tel 61 8 9429 2222
Fax 61 8 9429 2436

Independent auditor's report to the members of Deep Yellow Limited

We have audited the accompanying financial report of Deep Yellow Limited which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes 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 and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(a), the directors also state that the financial report, comprising the financial statements and notes complies 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 our 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, we consider 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 met 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.

Auditor's Opinion

In our opinion:

1. 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 financial position of Deep Yellow Limited and the consolidated entity at 30 June 2007 and of their performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

2. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

Ernst & Young

Gavin A Buckingham
Partner
Perth
26 September 2007

ADDITIONAL INFORMATION

Pursuant to the Listing Requirements of the Australian Stock Exchange Limited, the shareholder information set out below was applicable as at 21 September 2007.

A. Distribution of Equity Securities

Analysis of numbers of shareholders by size of holding:

Distribution	Number of shareholders
1 – 1,000	877
1,001 – 5,000	3,029
5,001 – 10,000	2,206
10,001- 100,000	4,504
More than 100,000	723
Totals	11,339

There were 1,037 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:

	Issued Ordinary Shares	
Shareholder Name	Number of shares	Percentage of shares
Paladin Resources Ltd	159,058,461	14.34
Mr Robert Anthony Healy	126,770,251	11.43
Theseus Limited as trustee of the Oyster Trust (TL)	87,016,666	8.08
Dr Leon Eugene Pretorius	65,000,000	5.86

C. Twenty Largest Shareholders

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

	Listed Ordinary Shares	
Shareholder Name	Number	Percentage Quoted
Mr Robert Anthony Healy	106,231,651	9.58
Paladin Resources Ltd	96,723,461	8.72
National Nominees Limited	82,000,000	7.40
Citicorp Nominees Pty Limited	71,479,129	6.45
Dr Leon Eugene Pretorius	65,000,000	5.86
Paladin Energy Minerals NL	61,035,000	5.50
ANZ Nominees Limited Cash	39,659,206	3.58
Mr Zac Rossi and Mrs Thelma Rossi	37,500,888	3.38
Gillian Swaby	18,795,903	1.70
HSBC Custody Nominees (Australia) Limited	17,525,309	1.58
Mr Robert Anthony Healy and Mrs Helen Maree Healy	15,600,000	1.41
MLAE Nominees Pty Limited	15,000,000	1.35
Ms Rita Coppa	8,752,632	0.79
Mrs Heather Joy Buchanan	8,616,750	0.77
Superior Resources Ltd	7,000,000	0.63
Strategic Consultants Pty Ltd *	6,630,000	0.60
J P Morgan Nominees Australia Limited	5,820,775	0.52
Manotel Pty Ltd	5,164,054	0.47
Mr Robert Anthony Healy and Mrs Helen Maree Healy	4,938,600	0.45
Grenfam 2 Pty Limited	4,752,836	0.43
Top 20 Total	678,227,194	61.17

* Company associated with G Swaby

ADDITIONAL INFORMATION

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

There are 82,000,000 ordinary fully paid shares on issue which are subject to a voluntary escrow agreement. The escrow period ends on 13th October 2008.

SCHEDULE OF MINERAL TENEMENTS

NAMIBIA

Tenement No.	Tenement Name	Interest	Granted From	Expiry Date	Approx Area (km^2)
EPL 3496	Tubas	100%	06.06.06	05.06.09	956
EPL 3497	Tumas	100%	06.06.06	05.06.09	949
EPL 3498	Aussinanis	100%	08.05.07	01.06.10	250
EPL 3499	Ripnes	100%	06.06.06	05.06.09	717
				Sub-Total	2,872

NORTHERN TERRITORY

Tenement No.	Tenement Name	Interest	Granted From	Expiry Date	Approx Area (km^2)
EL 8846	Green Swamp Hill	100%	23.03.01	22.03.09	58
EL 9807	TiTree	100%	14.10.04	13.10.10	778
EL 9809	Papunya	100%	14.10.04	13.10.10	681
EL 9836	Bangtail Bore	100%	13.08.03	12.08.09	96
EL 10360	Ambalindum	100%	06.12.01	05.12.07	32
EL 10401	Yambah	100%	6-Dec-01	05.12.07	182
EL 10404	Mordor	100%	21.05.02	20.05.08	48
EL 22918	Arltunga	100%	26.04.02	25.04.08	41
EL 22923	Strangways	100%	28.08.02	27.08.08	103
EL 23483	Mt Judith	100%	23.12.02	22.12.08	236
EL 23636	Yam Creek	100%	26.05.03	25.05.09	92
EL 23637	Mt Baldwin	100%	11.04.03	10.04.09	108
EL 23640	Yaloogarrie Creek	100%	12.03.03	11.03.09	225
EL 23923	Mt Treachery	100%	01.06.04	31.05.10	672
EL 23924	Anmatjira	100%	01.06.04	31.05.10	527
EL 23991	Beantree	100%	01.06.04	31.05.10	106
EL 24246	Napperby	100%	11.10.04	10.10.10	775
EL 24547	Nonouba	100%	17.08.07	16.08.13	606
EL 24606	Lake Lewis	100%	28.12.05	27.12.11	628
EL 25097	Billabong North	100%	Application		232
EL 25101	Mordor West	100%	21.11.06	20.11.12	186
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%	Application		909
EL 25698	Carrington Bore	100%	Application		86
EL 25701	Mt Singleton	100%	Application		1,246
EL 25702	Mt Hardy	100%	06.09.07	05.09.13	185
EL 25767	Angela & Pamela	100%	Application		67
EL 25940	Gida	100%	Application		442
EL 25941	Atlee Creek	100%	Application		484
EL 25953	Turners	100%	Application		294
EL 25954	Baystone	100%	Application		417
				Sub-Total	14,258

SCHEDULE OF MINERAL TENEMENTS

QUEENSLAND

Tenement No.	Tenement Name	Interest	Granted From	Expiry Date	Approx Area (km^2)
EPM 15070	Prospector	100%	28.03.06	27.03.11	300
EPM 15072	Pilgrim	100%	28.03.06	27.03.11	51
EPM 15194	Lorrett Downs	100%	12.12.06	11.12.11	300
EPM 15249	Hedleys	100%	30.11.05	29.11.10	81
EPM 15615	Durong 5	100%	02.08.06	01.08.11	300
EPM 15620	Durong 3	100%	02.08.06	01.08.11	300
EPM 15621	Durong 4	100%	02.08.06	01.08.11	300
EPM 15622	Durong 2	100%	02.08.06	01.08.11	300
EPM 15624	Durong 1	100%	23.08.07	22.08.12	300
EPM 16007	Sherrin Creek	100%	Application		327
EPM 16008	Mistake Creek	100%	Application		729
EPM 16533	Crocodile Creek	100%	Application		24
EPM 16534	Paroo Creek	100%	Application		21
				Sub-Total	3,333

SOUTH AUSTRALIA

Tenement No.	Tenement Name	Interest	Granted From	Expiry Date	Approx Area (km^2)
EL 3288	Wyambana	90%	02.12.04	01.12.07	672
				Sub-Total	672

WESTERN AUSTRALIA

Tenement No.	Tenement Name	Interest	Granted From	Expiry Date	Approx Area (km^2)
E 39/1140	Ponton North 1	100%	24.08.06	23.08.11	190
E 39/1141	Ponton North 2	100%	24.08.06	23.08.11	190
E 39/1142	Ponton North 3	100%	24.08.06	23.08.11	190
E 39/1143	Ponton North 4	100%	24.08.06	23.08.11	190
E 39/1144	Ponton North 5	100%	24.08.06	23.08.11	190
E 45/2887	Anketell 1	100%	Application		190
E 45/2888	Anketell 2	100%	Application		190
E 45/2889	Anketell 3	100%	Application		190
E 45/2890	Anketell 4	100%	Application		190
E 45/2891	Anketell 5	100%	Application		190
E 45/2892	Anketell 6	100%	Application		190
E 45/2893	Anketell 7	100%	Application		190
E 45/2894	Anketell 8	100%	Application		190
E 45/2895	Anketell 9	100%	Application		190
E 45/2896	Anketell 10	100%	Application		187
E 45/2897	Anketell 11	100%	Application		54
E80/1735	Slatey Creek	100%	15.03.04	14.03.08	38
E80/3275	Mt Junction	100%	11.11.05	10.11.10	173
E80/3817	Tent Hill	100%	Application		190
				Sub-Total	3,302

AGREEMENTS

		Approx Area (km^2)
Dominion Gold Operations Pty Ltd - South Australia		5,702
Matrix Metals Ltd - Queensland		4,436
Tanami Gold NL - Northern Territory and Western Australia		30,997
	Sub-Total	41,135
	Total Area	65,572