Deep Yellow Limited

2018

Annual Report

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Mr Rudolf Brunovs	Chairman (Non-executive)
Mr John Borshoff	Managing Director/CEO *
Ms Gillian Swaby	Executive Director
Mr Mervyn Greene	Non-executive Director
Mr Justin Reid	Non-executive Director
Mr Christophe Urtel	Non-executive Director

* referred to as Managing Director throughout this report

REGISTERED OFFICE

Unit 17, Spectrum Building, Second Floor
100-104 Railway Road
Subiaco, Western Australia, 6008
Telephone: + 61 8 9286 6999
Email: info@deepyellow.com.au

COMPANY SECRETARY

Mr Mark Pitts

POSTAL ADDRESS

PO Box 1770
Subiaco Western Australia 6904

STOCK EXCHANGE LISTINGS

Australian Securities Exchange	(ASX)	Code: DYL
OTC Markets Group	(OTCQB)	Code: DYLLF
Namibian Stock Exchange	(NSX)	Code: DYL

AUDITOR

Ernst & Young
11 Mounts Bay Road
Perth Western Australia 6000

WEBSITE ADDRESS

www.deepyellow.com.au

AUSTRALIAN BUSINESS NUMBER

97 006 391 948

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 11
172 St George's Terrace
Perth Western Australia 6000

Telephone: 1300 787 272
Facsimile: +61 8 9323 2033

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COMPANY PROFILE

Deep Yellow Limited (**Deep Yellow** or the **Company**) is an advanced stage uranium exploration company with a clear growth strategy to establish a multi-project global uranium development platform. Led by Paladin Energy founder John Borshoff, Deep Yellow has the expertise and capability to achieve its strategy during a countercyclical period for uranium investment.

The Company has a cornerstone suite of projects in Namibia, a top-ranked African mining destination with a long, well regarded history of safely and effectively developing and regulating its considerable uranium mining industry.

Deep Yellow holds four key contiguous Exclusive Prospecting Licences (**EPLs**) covering 1,590km^2 within the heart of what is a world recognised, prospective uranium province of high significance. The tenements are strategically located amongst the major uranium mines of this region – 20km south of the Husab/Rössing deposits and 40km southwest of the Langer Heinrich deposit.

CORPORATE STRATEGY

Deep Yellow has a two-pronged growth strategy involving the growing of its existing uranium resources in Namibia and has already made a significant new discovery called Tumas 3 in March 2017 following up with a revised resource expanded by 32% in July 2018. In parallel, the Company will pursue accretive, counter-cyclical acquisitions to create a multi-project uranium platform.

HIGHLIGHTS OF THE 2018 FINANCIAL YEAR

Key achievements in the Company are as follows:

- The Tumas 3 uranium discovery made on the 100% owned Reptile Project achieved a maiden Inferred Resource of 23.4Mlb grading 382ppm eU_3O_8.
- Continued drilling of paleochannels extended the uranium mineralisation at Tumas 3 and confirmed the highly prospective nature of the palaeochannels, 85km of which remain to be properly tested.
- The joint venture on the Nova Project with Japan Oil, Gas and Metals National Corporation (**JOGMEC**), the minerals investment arm of the Japanese government, over two tenements in Namibia where JOGMEC can earn 39.5% on expenditure of A$4.5 million, continued to its second full year.
- Deep Yellow commenced trading on the United States OTCQB venture market platform giving potential to significantly expand its shareholder investor base.

POST REPORTING PERIOD

- In July 2018 Deep Yellow advised an increase to the Tumas 3 Inferred Resource, followed by further successful drilling. The Inferred Resource was increased to 31.2Mlb grading 377ppm eU_3O_8, an increase of 32% from previous.

CHAIRMAN'S LETTER

Dear Shareholder

It is indeed a pleasure to report that Deep Yellow is making good progress along the strategic pathway that was devised by John Borshoff our Managing Director and fully supported by your Board. In very simple terms, it is a two pronged approach to build the value of the Company and thereby the value of your shareholding.

In the first instance, it is to make a very concerted effort to increase the uranium resources in existing mineral tenements in Namibia. Secondly to seek out opportunities to grow Deep Yellow through appropriate acquisitions in a counter cyclical environment.

The growth of our resources through drilling programs is not a simple matter. The technical team that supports John have done the hard yards in analysing and interpreting all the available data covering the prospective tenement areas. This in turn has translated into positive drilling outcomes. The recent announcement in July 2018 is an indication of the continuing gains made in resource discovery. This, combined with a strong belief in the prospectively of areas west of Tumas, stands your Company in good stead to achieve our targeted resource base.

We should not overlook our very positive and ongoing relationship with Japan Oil, Gas and Metals National Corporation (**JOGMEC**) in the work we are doing in Namibia. They have approved funding of approximately $1.3 million over the year to 31 March 2019 for exploration on the Nova Joint Venture tenements. After they spend approximately $4.5 million over four years, JOGMEC will earn 39.5% equity interest in the Nova JV.

As the second part of our strategic pathway, John is managing the analysis of potential counter cyclical acquisition opportunities. This is an active and ongoing project. The benefit will arise through finding (and executing) the appropriate and value adding deal.

On the shareholder front, management has identified and executed the arrangement to have Deep Yellow shares traded on the OTCQB venture market. This will enable better access for the US investment community and increase the depth of the market which we believe will provide further long term support for Deep Yellow shares. I extend my thanks to Gillian Swaby for her significant efforts to facilitate this arrangement.

It is also pleasing to make mention of the teamwork and culture throughout the Deep Yellow group which continues to be very positive. This can often be a challenge simply due to the distance between Australia and Namibia. I believe that the communications at all levels and within and between both the technical personnel and the support functions is very productive. Your Company is operating smoothly.

When we reflect on the market capitalisation of Deep Yellow, the value of $66 million at year end represents significant growth over that of the prior year. It is pleasing to note that at the time of signing these financial statements the market capitalisation has risen to $88 million. This indicates that John and his team have made good progress which the market place acknowledges.

As we steadily execute our plans and go forward on our journey, we are all very confident that we will achieve our goals and as a consequence will continue to build the market value of Deep Yellow.

Yours faithfully

Rudolf Brunovs

A Company in Successful Transition

It is pleasing that the "CEO Insights" I wrote for last year's Annual Report regarding Deep Yellow and the uranium outlook has remained relevant and, in many areas, as I predicted. The spot uranium price continued to linger over the year despite some efforts by producers to cut back on production to remedy the supply surplus and Deep Yellow's dual strategy remains on track and appropriate.

To remind you Deep Yellow is a differentiated, uranium focused, advanced exploration company that was rejuvenated by the current management showing with its proven track record, it is able to deliver on its vision and create considerable shareholder wealth.

Uranium prices continued to linger throughout the year in the low US$20s/lb and the validity of Deep Yellow's contrarian strategy, both for resource growth and project expansion, remains the key feature for value creation.

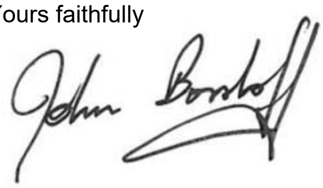
True to our stated objectives, the resource base of the palaeochannel-associated calcrete deposits increased significantly by 62%, during the year through successful drilling on our 100% owned Reptile Project in the Tumas 3 area and further confirmed the strong potential for additional expansion of the growing resource base. It must be remembered that these extra pounds of uranium we are identifying and the new opportunity for more discovery has been made within areas where previous managements spent considerable effort without substantial success. This new direction applied by management is resulting in recognition of new opportunities on the Namibian projects and is showing all the hallmarks for continued success.

The Nova Joint Venture where JOGMEC is fully funding the ongoing exploration, although at early stages, is showing signs that new discoveries can be made, especially after the revamp of our search models for exploration of the basement associated targets which are expected to bring better focus on prospective drilling targets.

In terms of the progress on the 2nd prong of our strategy for Company growth, which is to acquire uranium projects while the uranium outlook remains poor, progress has been a little slower. We are evaluating possibilities continually and, although this will take a little more time to achieve, we remain firm in our commitment and conviction to grow the Company also in this critical area.

The Deep Yellow strategy for dual growth remains a very relevant focus for my management team, supported by the Board and I remain confident we will advance on both fronts of our value-adding activities in the coming years.

Yours faithfully



John Borshoff

Share Price Development

NAMIBIAN OPERATIONS

Deep Yellow Limited holds an interest in 3 key projects in Namibia; Reptile, the Nova Joint Venture (**NVJ**) and the Yellow Dune Joint Venture (**YDJV**) project (Figure 1). Reptile and NJV are active exploration projects, YDJV is non-active and these projects are described below. Reptile Mineral Resources and Exploration (Pty) Ltd (**RMR** – wholly owned subsidiary of Deep Yellow) is the manager of all projects.

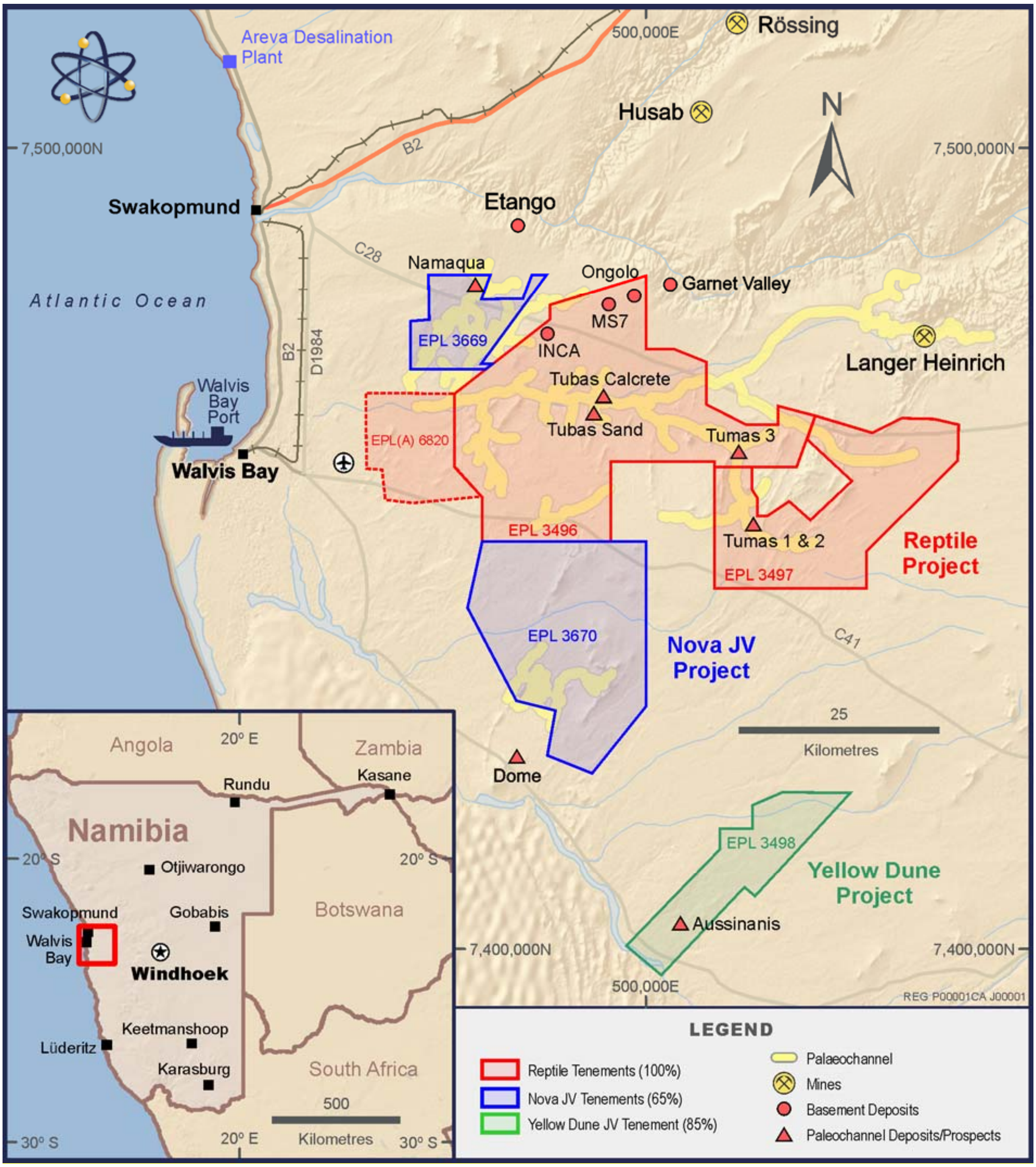


Figure 1: Locality map showing Deep Yellow's interests in Namibia as well as uranium mines and projects held by other companies in the region

REPTILE URANIUM PROJECT (EPLs 3496, 3497) – 100%

With the reinterpretation of existing regional data in the previous year which delineated 120km of palaeochannel considered highly prospective for Langer Heinrich-type mineralisation across the Reptile project area and the discovery of the Tumas 3 uranium occurrence where new uranium resources were defined, work continued to further expand the resource base of this project. The Tumas 1 & 2 deposit, the Tubas Red Sands/calcrete deposits and the new Tumas 3 deposit have increased resources in the Measured, Indicated and Inferred JORC resource categories occurring within this extensive palaeodrainage system. The newly defined 120km palaeochannel system has identified an extensive highly prospective exploration target of which only 35km has been adequately tested (see Figure 2).

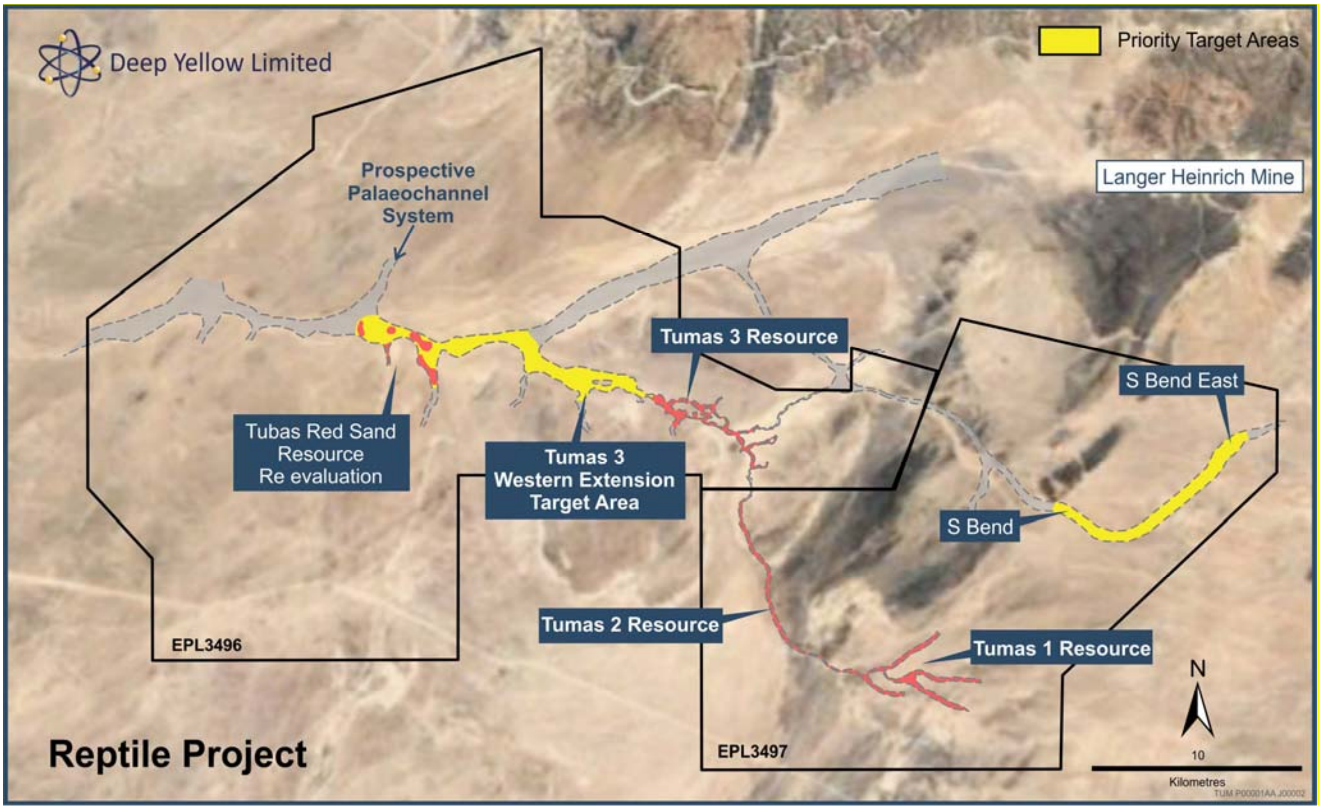


Figure 2: EPLs 3496, 3497, 3669 and 3670 showing the new discoveries and associated Tumas 3 deposit area, uranium deposits and prospects within the extensive occurring palaeochannel system.

Tumas 3 Uranium Resource Base Increased

In the 12 months to June 2018, two drilling programs were successfully completed testing the extensions of the newly discovered Tumas 3 deposit on EPL 3496. With the semi-regional exploration included, this totalled 12,643m of RC drilling. The RC drilling at Tumas was completed in July 2018. A total of 336 holes for 8,659m was drilled. All holes were down-hole gamma logged by a fully calibrated AUSLogger and all down-hole gamma data were converted to equivalent uranium values in ppm (eU_3O_8ppm).

The drilling of the Tumas 3 extension zone has delineated a further 10km of uranium mineralisation in calcrete-rich fluvial sediments occurring within the prospective palaeochannel system. Of the 336 holes drilled to define the extensions to mineralisation, 154 returned positive results (defined as greater than 100ppm U_3O_8 over 1m) – a 45% success rate.

Semi-regional Exploration Drilling

Some semi-regional exploration RC drilling was also carried out testing approximately 20km of the palaeochannel system that extends west from the Tumas 3 deposit. This work was aimed at identifying new uranium mineralisation within the untested portion of the palaeochannel system where 3 of the previously defined 7 semi-regional target zones exist. The drilling identified promising uranium mineralisation in a tributary to the main channel located approximately 3km north of the Tubas Red Sand deposit warranting follow-up work.

In total 22 (or 25%) of the 89 exploratory drill holes returned uranium mineralisation > 100 ppm eU_3O_8 over 1m. It should however be noted lower grade uranium mineralisation was identified in a large proportion of the semi-regional drilling supporting management's proposition that a large-scale uranium mineralisation event has occurred throughout the palaeochannel system.

The Tumas 3 mineralisation remains open to the west. In addition, some distant outlying mineralised holes from previous drilling strongly justifies continuing drilling to determine the full extent of Tumas 3 and also to commence testing of the palaeochannel between Tumas 3 and Tubas Red Sand Deposit, a distance of approximately 50km of highly prospective palaeochannel. The new uranium discovery at Tumas 3 adds significantly to the uranium resources the Company previously identified within these palaeochannels in its Tumas 1 & 2 and Tubas Red Sands/calcrete deposits.

High-Resolution Airborne Geophysical Survey

In May 2018 Xcalibur Airborne Geophysics flew a high resolution airborne radiometric and magnetic survey over the northern part of EPL3496 to better define basement-hosted uranium targets. A total of 1968 line km was flown at 100m line spacing. The survey data is expected to contribute meaningfully to target recognition.

EPLs 3496, 3497 - Renewal Granted

Renewal applications for EPLs 3496 and 3497 for a further statutory two years were submitted in March 2017 to the Ministry of Mines and Energy (**MME**), prior to their expiry date in June 2017. The Company received notification from the MME on 22 August 2017 that these renewals had been granted until 5 June 2019.

NOVA JOINT VENTURE (EPLs 3669, 3670)

JOGMEC Earn-In

The tenements EPL3669 and EPL3670 comprise the Nova Joint Venture (NJV) held in the corporate entity Nova Energy (Namibia) (Pty) Ltd in which Reptile Mineral Resources and Exploration (Pty) Ltd (**RMR** - wholly owned subsidiary of Deep Yellow) holds 65% (**Manager**), Nova Energy Africa Pty Ltd (wholly owned subsidiary of Toro Energy Limited, ASX listed) 25% and Sixzone Investments (Pty) Ltd 10%.

As advised in the previous year, Deep Yellow and its partners entered into a strategic earn-in agreement with JOGMEC to participate in the NJV. The NJV adjoins Deep Yellow's 100% owned Reptile project (EPLs 3496, 3497) where significant uranium resources have been defined and reported. Under the terms of the NJV, JOGMEC began solely funding expenditure from November 2016.

JOGMEC can earn a 39.5% interest in the project through the expenditure of A$4.5M within four years. RMR remains the NJV manager. Following the JOGMEC earn-in, the new equity distribution in the NJV will be JOGMEC 39.5%, RMR 39.5%, Nova Africa 15% and Sixzone 6%. JOGMEC will earn no equity unless it meets the full A$4.5M expenditure obligation. The remaining JV participants will be free-carried until this expenditure commitment is satisfied and thereafter the other parties will be required to contribute on a pro-rata basis (except for Sixzone, whose 6% share will be carried and paid back from future dividends).

JOGMEC is a Japanese Government organisation that collaborates with governmental agencies and companies, both domestically and overseas, to secure stable supplies of natural resources and energy for Japan. JOGMEC carries out exploration activities through joint venture with overseas exploration companies. For projects that generate promising results, JOGMEC's position in the project may then be transferred to Japanese companies with the exploration risk having been reduced. Projects are selected based on geological potential, quality of management, mining investment environment (including safety) and Japanese companies' interest. The organisation has entered into more than 100 projects in the past 12 years and currently has more than 25 active joint ventures, spanning grassroots exploration through to pre-feasibility level projects.

The NJV area is considered prospective for both basement related alaskite-associated uranium targets (e.g. Rössing/Husab), skarn-type (e.g. Inca) and palaeochannel-related surficial calcrete uranium targets (e.g. Langer Heinrich).

Activities

Deep Yellow completed a 7,490m scout drilling program on the NJV Project. The overall drilling campaign was primarily designed to characterise the various targets that were defined from geophysics (using IP, EM, magnetics and radiometrics) and ground mapping to determine applicability of methods to be used in future to isolate prospective zones. Ten basement targets and three newly identified palaeochannels were targeted for this initial investigation. This first-pass drilling involved two diamond core and 82 RC drillholes of which four had a diamond core tail added. Figure 3 shows the NJV tenements and the prospect locations.

Palaeochannel Targets: The reinterpretation of a previously flown VTEM survey identified palaeochannels not known to occur earlier on either of the tenements. Their geophysical similarities to other mineralised palaeochannels in the region indicated that these needed testing for calcrete associated uranium mineralisation.

A new discovery was made on the Namaqua Prospect (formerly Speke's East). Three drill sections (14 holes for 639m) were completed to test this, the most northerly of the newly identified palaeochannels. Drilling in this area encountered uranium mineralisation in three adjacent holes. These averaged 220ppm eU_3O_8 over 3.5m between depths of 18m to 23m as determined by a fully calibrated Auslog down-hole gamma logging unit. An historic hole drilled in 2010 located 100m to the west, targeting basement mineralisation, also showed uranium mineralisation in surficial cover sediments. The Namaqua channel was further tested by two drill lines, 1.5km and 2.5km to the SSW of the Namaqua discovery, where no uranium mineralisation was encountered.

Further drilling is planned for 2018 to explore the extent of the mineralisation at Namaqua and to evaluate the potential of the newly identified prospective palaeochannels on EPLs 3669 and 3670 which remain untested.

Basement Targets: Ten targets in four areas were identified from ground geophysics which indicated potential for uranium mineralisation in the basement rocks. A total of 37 drillholes for 6,134m was drilled on these targets. This involved 602m of core from two diamond drill holes and four diamond core tails and 5,532m of RC drilling. Again, equivalent uranium values were determined from the fully calibrated Auslog down-hole gamma logging unit.

In EPL 3669 at Speke's and Bowsprit, drilling intersected narrow uranium mineralisation in eight of the16 holes drilled on this target hosted in quartz feldspathic biotite rich rocks and quartz carbonate veining. Further south, at Barking Gecko, uranium mineralisation is associated with alaskitic granite intrusions and uranium intersections, although still narrow, become more widespread as all three RC holes drilled on this target are mineralised.

On EPL 3670 geophysical ground work identified a 400m to 500m wide, 3.5km long north-north-east trending zone of radiometric anomalism. This feature is parallel to the regional "Alaskite Alley" trend which contains all the major basement related uranium deposits in the region. RC and diamond drilling at Cape Flat included 18 holes of which 12 showed uranium anomalism of greater than 100ppm eU_3O_8. The drilling identified various sheet like, partly sheared granite intrusions which, on occasion, showed alaskite characteristics. Uranium mineralisation of greater than 100ppm eU_3O_8 was intersected both in narrow peaks and in thicker intersections ranging 2m to 14m in width.

To the south, the Cape Flat anomalous zone is covered by extensive colluvium which blankets all radiometric response. Some surface radiometric anomalism occurs 8km to the SSW in an area of minor sub-crop within the colluvium cover. Airborne magnetics suggests that this prospective zone extends another 2km SSW. This anomalous zone needs follow-up work.

The exploration of the basement targets identified a promising zone of uranium anomalism at Cape Flat. Although grade and thickness of the mineralisation encountered is of a low level, it indicates a mineralising event has occurred. Further testing is required toward the south where the prospective zone is blanketed by alluvium cover. This southern extension of Cape Flat will be explored by detailed airborne geophysics, geochemical survey and shallow bedrock drilling.

In April/May 2018 the Company flew high resolution airborne radiometric and magnetic surveys over parts of both EPLs to better define basement uranium targets. The survey included 5,085 line-km at 50 or 100m line spacing. The results are currently being evaluated and will help to better define drill targets for the next drilling program.

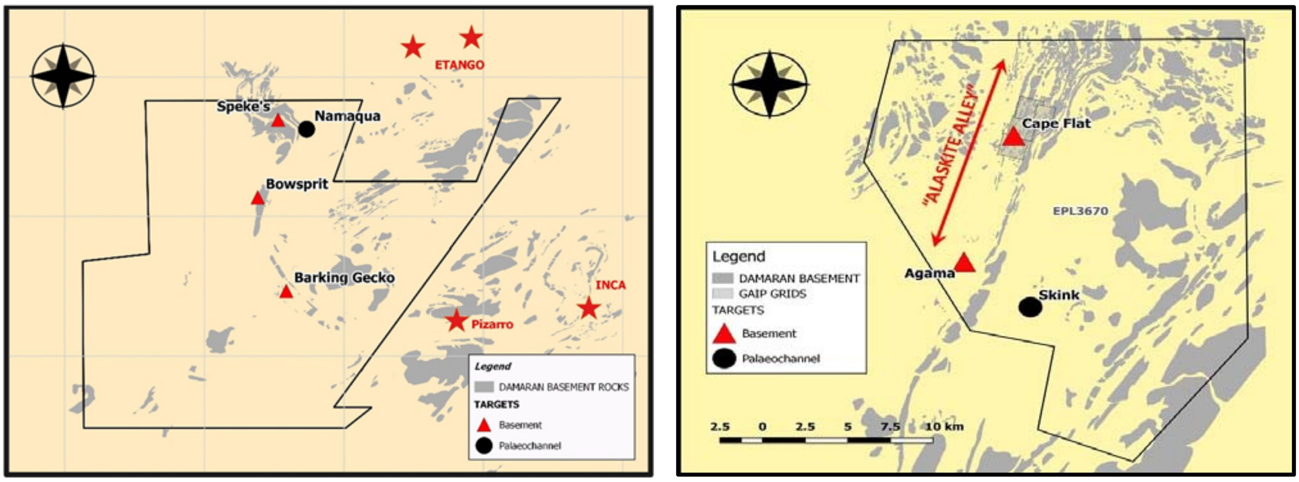


Figure 3: Nova JV tenements and Prospect location maps.

YELLOW DUNE JOINT VENTURE (EPL 3498)

The parties to the Yellow Dune Joint Venture (**YDJV**) are Yellow Dune Uranium Resources (Pty) Ltd, a wholly owned subsidiary of Reptile Uranium Namibia (Pty) Ltd (**RUN**) (85%), Oponona Investments (Pty) Ltd (10%) and Epangelo Mining Company (Pty) Ltd (5%).

As previously reported, EPL3498 is considered fully explored and that there is no further potential for additional discovery to add to the existing resources that have been defined. Due to the depressed uranium outlook, an application has been made for a Mineral Deposit Retention Licence (**MDRL**) to secure the area containing the resource within EPL 3498. Economic studies show that a mining operation at the current prevailing low uranium prices is not viable. Approval for grant of the MDRL is being awaited.

TUMAS 3 MINERAL RESOURCE STATUS

In August 2017, the Company advised the Mineral Resource Estimate (**MRE**) for its newly discovered Tumas 3 deposit. This work declared a maiden Inferred Resource amounting to 23.5Mlb grading 382ppm eU_3O_8 improving the palaeochannel resources in this project by a factor of 73%

The MRE was carried out with Ordinary Kriging using various cut-off grades ranging from 100 to 300ppm eU_3O_8. The resulting Inferred Resources using these cut-off grades indicate the mineralisation is robust and consistent.

The MRE for the Tumas 3 deposit using various cut off grades is shown in Table 1 and outlined in Figure 4.

Cut-off (ppm U_3O_8)	Tonnes (M)	U_3O_8 (ppm)	U_3O_8 (Mlb)
100	34.9	338	26.0
150	32.4	353	25.3
200	**27.9**	**382**	**23.5**
250	20.3	441	19.7
300	15.5	493	16.8

Table 1. *Tumas 3 – JORC 2012 MRE Inferred Resources at various cut-off grades.*

Note: ***Figures have been rounded and totals may reflect small rounding errors.***
eU_3O_8 - equivalent uranium grade as determined by downhole gamma logging.

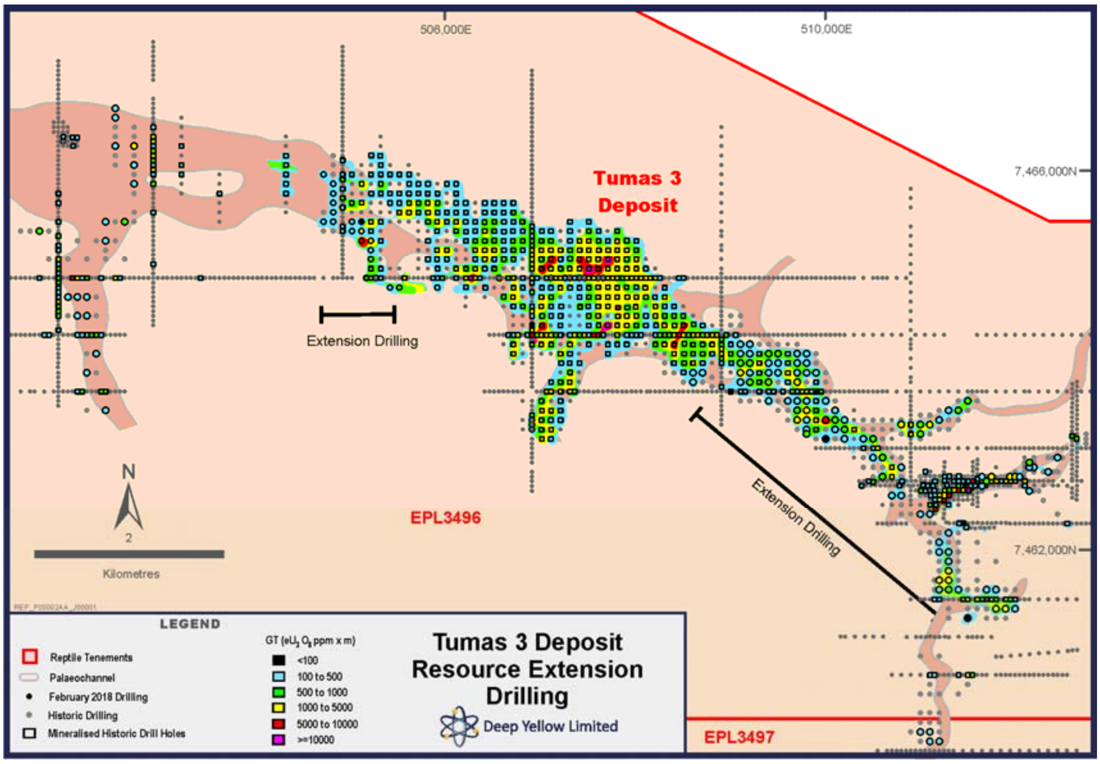


Figure 4: Tumas 3 Drill hole Locations showing contours of eU_3O_8 grade thickness values (GT: e U_3O_8pmm x m)

The Tumas 3 maiden Inferred Resource significantly increased the Company's palaeochannel-associated calcrete related mineral resource base of the Projects, improving from 50.1Mlb to 73.6Mlb U_3O_8. With this, the Company has advanced notably towards achieving its stated total resource exploration target on this project for this type of uranium mineralisation.

Post Reporting Period – Expanded Resource Estimate for Tumas 3

A further MRE was completed on the Tumas 3 extensions. Similar cut-off grades were used for the expanded MRE and the Inferred Mineral Resources derived from these cut-off grades indicate the mineralisation remains robust and consistent (see Table 1).

The expanded MRE for the extended Tumas 3 deposit at a 200ppm cut off gives a total Inferred Mineral Resource of 31.2Mlb at 377ppm eU_3O_8. The 200ppm eU_3O_8 cut-off has been selected as being the most appropriate for headline reporting of the resource estimations. Figure 4 shows the Tumas 3 expanded resource outlining the extent and nature of the mineralisation over the 10km length of channel tested and includes the 3km of mineralised tributary channels.

The total calcrete-type palaeochannel associated uranium resources under Reptile management is now 81.3Mlb eU_3O_8.

Cut-off (ppm U_3O_8)	Tonnes (M)	U_3O_8 (ppm)	U_3O_8 (Mlb)
100	57.1	298	37.5
150	46.8	337	34.7
200	**37.5**	**377**	**31.2**
250	26,4	441	25.7
300	19.6	499	21.6

***Table 2**. Tumas 3 Expanded – JORC 2012 MRE- Inferred Resources at various cut-off grades.*

Note: ***Figures have been rounded and totals may reflect small rounding errors.***
eU3O8 - equivalent uranium grade as determined by downhole gamma logging.

OVERALL MINERAL RESOURCE ESTIMATES

The overall resource base of Deep Yellow incorporating the latest Mineral Resource Estimates classified under JORC 2012 are indicated in the Annual Mineral Resource Statement (refer Table 3). The JORC 2004 classified resources have not been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported, however they are being progressively reviewed to bring all resources up to JORC 2012 standards.

Competent Person Statement

Exploration Results and Mineral Resource Estimate

The information in this report that relates to Exploration Results is based on information compiled by Mr Martin Hirsch, M.Sc. Geology, who is a member of the Institute of Materials, Minerals and Mining (UK) and the South African Council for Natural Science Professionals. Mr Hirsch is the Exploration Manager for Reptile Mineral Resources and Exploration (Pty) Ltd, has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person in terms of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’ (JORC Code 2012 Edition). Mr Hirsch consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to the Tumas Mineral Resource Estimate is based on work completed by Mr Martin Hirsch, M.Sc. Geology, who is a member of the Institute of Materials, Minerals and Mining (UK) and the South African Council for Natural Science Professionals. Mr Hirsch is the Exploration Manager for Reptile Mineral Resources and Exploration (Pty) Ltd, has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person in terms of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’ (JORC Code 2012 Edition). Mr Hirsch consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Geophysics Component

Deconvolution was used to convert the current down-hole gamma data from the Tumas 3 project to equivalent uranium values (eU_3O_8) and was performed by experienced in-house personnel from Deep Yellow and subsequently checked and validated by Matt Owers, a geophysicist who is knowledgeable in this process and works as a consultant for Resource Potentials with over 5 years of relevant experience in the industry. Mr Owers is a member of Australian Institute of Geoscientists and has sufficient experience with this type of processes to qualify as a Competent Person in terms of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’ (JORC Code 2012 Edition). Mr Owers consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Where the Company refers to the other JORC 2012 resources in this report, it confirms that it is not aware of any new information or data that materially affects the information included in the original announcements and all material assumptions and technical parameters underpinning the resource estimates and those original announcements continue to apply and have not materially changed.

Annual Mineral Resource Statement

Deposit	Category	Cut-off (ppm U_3O_8)	Tonnes (M)	U_3O_8 (ppm)	U_3O_8 (t)	U_3O_8 (Mlb)	Resource Categories (Mlb U_3O_8) Measured	Indicated	Inferred
BASEMENT MINERALISATION									
Omahola Project - JORC 2004									
Inca Deposit ♦	Indicated	250	7.0	470	3,300	7.2	-	7.2	-
Inca Deposit ♦	Inferred	250	5.4	520	2,800	6.2	-	-	6.2
Ongolo Deposit #	Measured	250	7.7	395	3,000	6.7	6.7	-	-
Ongolo Deposit #	Indicated	250	9.5	372	3,500	7.8	-	7.8	-
Ongolo Deposit #	Inferred	250	12.4	387	4,800	10.6	-	-	10.6
MS7 Deposit #	Measured	250	4.4	441	2,000	4.3	4.3	-	-
MS7 Deposit #	Indicated	250	1.0	433	400	1	-	1	-
MS7 Deposit #	Inferred	250	1.3	449	600	1.3	-	-	1.3
Omahola Project Sub-Total			**48.7**	**420**	**20,400**	**45.1**	**11.0**	**16.0**	**18.1**
CALCRETE MINERALISATION									
Tumas 3 Expanded Deposit (2017/18 Resource) - JORC 2012									
Tumas 3 Expanded ♦	Inferred	200	37.5	377	14,100	31.2			
Tumas 3 Deposit			**37.5**	**377**	**14,100**	**31.2**	-	-	31.2
Tubas Sand Deposit - JORC 2012									
Tubas Sand #	Indicated	100	10.0	187	1,900	4.1	-	4.1	-
Tubas Sand #	Inferred	100	24.0	163	3,900	8.6	-	-	8.6
Tubas Sand Project Total			**34.0**	**170**	**5,800**	**12.7**			
Tumas 1 & 2 Deposits - JORC 2012									
Tumas 1 & 2 ♦	Measured	200	9.7	386	3,700	8.2	8.2	-	-
Tumas 1 & 2 ♦	Indicated	200	6.5	336	2,200	4.8	-	4.8	-
Tumas 1 & 2 ♦	Inferred	200	0.4	351	150	0.3	-	-	0.3
Tumas Project Total			**16.6**	**366**	**6,050**	**13.3**			
Tubas Calcrete Deposit - JORC 2004									
Tubas Calcrete	Inferred	100	7.4	374	2,800	6.1	-	-	6.1
Tubas Calcrete Total			**7.4**	**374**	**2,800**	**6.1**			
Aussinanis Deposit - JORC 2004									
Aussinanis ♦	Indicated	150	5.6	222	1,200	2.7	-	2.7	-
Aussinanis ♦	Inferred	150	29.0	240	7,000	15.3	-	-	15.3
Aussinanis Deposit Total			**34.6**	**237**	**8,200**	**18.0**			
Calcrete Deposits Sub-Total			**130.1**	**284**	**36,950**	**81.3**	**8.2**	**11.6**	**61.5**
GRAND TOTAL RESOURCES			**178.8**	**321**	**57,350**	**126.4**			

***Table 3**. JORC 2004 and 2012 Resource Table.*

Notes: *Figures have been rounded and totals may reflect small rounding errors.*

XRF chemical analysis unless annotated otherwise.

♦ eU_3O_8 - equivalent uranium grade as determined by downhole gamma logging.

 # Combined XRF Fusion Chemical Assays and eU_3O_8 values.

Where eU_3O_8 values are reported it relates to values attained from radiometrically logging boreholes.

Gamma probes were calibrated at Pelindaba, South Africa in 2007 and sensitivity checks are conducted by periodic re-loggi of attest hole to confirm operation between 2008 and 2013.

During drilling, probes are checked daily against standard source.

ANNUAL MINERAL RESOURCE STATEMENT (Continued)

Review of Material Changes

As outlined on pages 9 and 10 the Company advised a maiden Inferred Resource for Tumas 3 in August 2017 of 23.5Mlb grading 382ppm eU_3O_8.

Other than the above noted change and the further expansion of the Tumas 3 Mineral Resource Estimate subsequent to the end of the year there were no material changes from the prior year.

Governance and Internal Controls

The Company maintains thorough QAQC protocols for conducting exploration, site practice, sampling, safety, monitoring and rehabilitation which are documented in the company's various standard operating procedure manuals (**SOPs**).

Drilling methods vary according to the nature of the prospect under evaluation. These can include auger, sonic, air core or reverse circulation drilling for unconsolidated formations; to reverse circulation (hammer) and diamond core drilling (HQ & NQ) for hard rock formations. Typically resource estimations are based on a mix of downhole radiometric sampling and chemical assaying. Assay samples are collected over one metre intervals. Radiometric data is acquired at 5 cm intervals and composited to one metre intervals. Where statistical validation confirms radiometric and chemical assay equivalence, the resource estimate is primarily based on the radiometric data.

All radiometric data is acquired digitally by in-house personnel trained to operate the Company's fleet of Auslog downhole probes. These probes are calibrated at the Pelindaba pits in South Africa. QAQC controls for radiometrically acquired data comprises daily calibration sleeve checks and periodic comparison at a Reptile Uranium Namibia (Pty) Ltd test hole in Namibia. Assay samples are acquired by a three-tier riffle splitter or cone splitter at the drill site. Duplicate samples are inserted at 1:20_frequency. Diamond core samples are assayed as quarter-core over one metre intervals. External laboratories (ALS South Africa) assay for uranium by either pressed powder XRF or fused bead XRF. Characterisation of radiometric equilibrium is periodically assessed by submission of samples to ANSTO Minerals Laboratory in Sydney, Australia.

Drill hole collars are DGPS-surveyed by in-house operators, after an initial pick-up by hand-held GPS. Downhole directional surveys are outsourced to independent contractors.

Drill hole sample logging captures a suite of lithologic, alteration, mineralogic and hand-held radiometric data, at one metre intervals. This data is captured as permanent hard copy prior to digital input onto an in-house GBIS database. The parallel collection of drill sample and wireline probe data enables error recognition in depth discrepancies and confirmation of sampling accuracy.

Drill plans and sections generated from drilling and surface mapping are used to constrain wireframe mineralisation models; upon which resource estimations are made. Resource estimations for currently quoted prospects have been calculated by internal qualified staff or independent third party consultants.

Competent Person Statement

The information in this Annual Mineral Resource Statement is based on and fairly represents information and supporting documentation prepared or reviewed and compiled by Mr Martin Hirsch, a Competent Person who is a Member of the Institute of Materials, Mining and Metallurgy (**IMMM**) in the UK. Mr Hirsch, who is currently the Exploration Manager for Reptile Mineral Resources and Exploration (Pty) Ltd, has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hirsch consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

GOVERNANCE FRAMEWORK

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

The Corporate Governance Statement, dated 30 June 2018 and approved by the Board on 14 September 2018, sets out corporate governance practices of the Group which, taken as a whole, represents the system of governance.

The framework for corporate governance follows the 3rd Edition of the ASX Corporate Governance Council's Principles and Guidelines. The Directors have implemented policies and practices which they believe will focus their attention and that of their Executives on accountability, risk management and ethical conduct. The Board will continue to review its policies to ensure they reflect any changes within the Group, or to accepted principles and good practice.

Where the Board considers the Group is not of sufficient size or complexity to warrant adoption of all the recommendations set out in the ASX Corporate Governance Council's published guidelines, these instances have been highlighted.

This statement is available on our website, as per link below, along with the ASX Appendix 4G, a checklist cross-referencing the ASX Principles and Recommendations to disclosures in this statement and copies and summaries of charters, principles and policies referred to in this statement.

http://deepyellow.com.au/wp-content/uploads/2018/09/CorporateGovernanceStatementAndAppendix4G18Sep18.pdf

The Directors present their report on Deep Yellow Limited (**Company**) and the entities it controlled at the end of, and during, the year ended 30 June 2018 (the **Group**).

DIRECTORS

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

Names, qualifications, experience and special responsibilities

Rudolf Brunovs ***FCA FAICD MBA***
Non-executive Chair

Mr Brunovs is a highly experienced Chartered Accountant and Director with more than 35 years of experience in business. He is a former audit partner of the international accounting firm Ernst & Young and for 12 years held the position of Managing Partner, first of the firm's Parramatta office and followed by the Perth office. He was also a member of the Minerals and Energy Division within Ernst & Young. Mr Brunovs has been a Director of Lions Eye Institute, a major WA based not for profit organisation, for more than 10 years and is a director of a privately owned biotechnology company based in Perth. He holds a Masters of Business Administration from Bowling Green State University in Ohio and is a Fellow of both the Institute of Chartered Accountants of Australia and New Zealand and the Australian Institute of Company Directors.

Mr Brunovs joined the Deep Yellow Board in August 2007 and was elected Non-executive Chairman in January 2016.

Mr Brunovs is the Chair of the Audit Committee.

John Borshoff B.Sc., F.AusIMM, FAICD
Managing Director / CEO

Mr Borshoff is an experienced mining executive and geologist with more than 30 years of uranium industry experience. He spent more than a decade at the start of his career as a senior geologist and manager of the Australian activities of German uranium miner Uranerz. In 1993, following the withdrawal of Uranerz from Australia, Mr Borshoff founded Paladin Energy Ltd (**Paladin**). He built the company from a junior explorer into a multi-mine uranium producer with a global asset base and valuation of more than US$5 billion at its peak.

At Paladin, Mr Borshoff led the team that completed the drill out, feasibility studies, financing, construction, commissioning and safe operation of the first two conventional uranium mines built in the world for 20 years. He also oversaw numerous successful, large public market transactions including acquisitions and major capital raisings before leaving Paladin in 2015.

Mr Borshoff is recognised as a global uranium industry expert and has a vast international network across the uranium and nuclear industries, as well as the mining investment market. He has a Bachelor of Science (Geology) from the University of Western Australia and is a Fellow of both the Australian Institute of Company Directors and the Australasian Institute of Mining and Metallurgy.

Mr Borshoff serves on the Risk Committee (appointed 29 June 2017).

During the past three years Mr Borshoff has also served as a Director of the following listed companies:
Paladin Energy Ltd – appointed 24 September 1993, resigned 10 August 2015

Gillian Swaby ***BBus FCIS FAICD***
Executive Director

Ms Swaby is an experienced mining executive with a broad skillset across a range of corporate, finance and governance areas.

She has spent more than 30 years working with natural resources companies in numerous roles including Chief Financial Officer, Company Secretary, Director and corporate advisor. Ms Swaby worked at Paladin for the period 1993 – 2015 in the capacity as Executive Director for 10 years and as GM – Corporate Affairs. She had a key role in managing the company's growth through mine development, operation, acquisition and exploration. This role included responsibility for the Company's complex corporate, legal, human relations and corporate social responsibility programs as an operating uranium miner in multiple African countries.

Ms Swaby holds a Bachelor of Business (Accounting) and is a Fellow of the Australian Institute of Company Directors (**AICD**), the Institute of Chartered Secretaries and Administrators, and the Governance Institute of Australia. She is a member of the WA Council of the Australian Institute of Company Directors.

Ms Swaby serves on the Risk Committee (appointed 29 June 2017).

During the past three years Ms Swaby has also served as a Director of the following listed companies:
Comet Ridge Limited - appointed 9 January 2004. *
Birimian Limited – appointed 26 April 2017. *

Mervyn Greene ***MA (Maths) BAI (Engineering) MBA***
Non-executive Director

Mr Greene is an experienced investment banker and entrepreneur who has been working in investment markets in Africa, Europe and the United States for more than 30 years. His most recent experience has focussed on private equity investment in a range of sectors, including property. He currently serves as Managing and Museum Director of EPIC, The Irish Emigration Museum and is co-founder and Chairman of Dogpatch Labs, Ireland's leading tech start-up hub. Both businesses are located in Dublin, Ireland.

From 1997 – 2005 Mr Greene was the London-based partner of Irwin Jacobs Greene, one of Namibia's premier stockbroking, private equity and corporate finance advisory firms. Prior to this Mr Greene worked for investment bank Morgan Stanley in New York and London. Mr Greene has a Masters in Mathematics and Bachelor in Engineering from Trinity College in Dublin. Mr Greene also has a Masters of Business Administration from London Business School.

Mr Greene was appointed to the Deep Yellow Board in November 2006 and was Chairman from August 2007 to August 2013.

Mr Greene serves on the Audit Committee and Remuneration Committee (appointed 1 January 2017).

Christophe Urtel M.Sc., B.Sc.
Non-executive Director

Mr Urtel has close to 20 years of experience in the natural resources sector and is currently Group Head of Corporate Development for Anglo American.

Prior to joining Anglo American he was Head of Strategy and Capital (EMEA) for commodity trader Noble Group Limited, a Fund Manager at Laurium LP and an Executive Director in J.P. Morgan's Principal Investment franchise in London, responsible for natural resources investments. Previously Mr Urtel worked in J.P. Morgan and its predecessor organisations from 1999 – 2008, specialising in providing M&A, equity capital market and debt capital market advice to companies in the metals and mining sector.

Mr Urtel graduated with a Masters in Mining and Finance and Bachelor of Science (Geology with Engineering Geology) from the Royal School of Mines, Imperial College, London.

Mr Urtel joined the Deep Yellow Board in October 2012.

Mr Urtel serves on the Remuneration Committee and has been the Chair since 1 January 2017.

Justin Reid B.Sc., M.Sc., MBA
Non-executive Director

Mr Reid is a geologist and capital markets executive with more than 20 years of experience focused exclusively in the mineral resources sector. He has held a number of senior executive roles, including President and Director of Sulliden Gold Corporation, until its acquisition of Rio Alto Mining in 2014, President and CEO of Toronto-listed Sulliden Mining Capital Inc which acquires and develops mining projects in the Americas. He is now CEO of Troilus Gold a development stage resource company focusing in Northern Quebec and remains an advisor to Sulliden.

Mr Reid started his career as a geologist with SGS and Cominco Limited, before becoming a partner and senior mining analyst at Cormark Securities in Toronto.

Mr Reid holds a Bachelor of Science (Geology) from the University of Regina, a Masters from the University of Toronto and a Masters of Business Administration from the Kellogg School of Management at Northwestern University.

Mr Reid joined the Deep Yellow Board in October 2016.

Mr Reid serves on the Audit and Remuneration Committees (appointed 1 January 2017 to both) and is Chair of the Risk Committee (appointed 29 June 2017).

During the past three years Mr Reid has also served as a Director of the following listed company:
Aguia Resources Ltd - appointed 7 April 2015. *

* Denotes current directorship

Dividends

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

Interests in the Shares of the Company

As at the date of this report, the Directors' interests in shares of the Company were:

Director	Ordinary Shares
Rudolf Brunovs	484,370
John Borshoff	6,500,000
Gillian Swaby	3,673,600
Mervyn Greene	2,774,192
Justin Reid	-
Christophe Urtel	842,832

Company Secretary

Mark Pitts *BBus FCA, GAICD*

Mr Pitts is a Fellow of the Institute of Chartered Accountants with more than 30 years' experience in statutory reporting and business administration. He has been directly involved with, and consulted to a number of public companies holding senior financial management positions. He is a Partner in the corporate advisory firm Endeavour Corporate providing company secretarial support; corporate and compliance advice to a number of ASX listed public companies.

Principal Activities

The principal activities during the financial year of entities within the Group were:

* Exploration activities to progress the 100% owned Reptile Project and the adjacent Nova Joint Venture Project in Namibia with the emphasis to explore for the existence of larger uranium deposits that can be developed as standalone operations.

* Evaluating uranium projects for growth opportunities.

Review of Operations

A detailed review of the Group's operations by Project is set out in the 'Review of Operations' on pages 5 to 12.

Review of Financial Condition

Operating Results for the Year

The Group's net loss after income tax for the financial year is $2,556,350 (2017: loss $28,044,373).

Financial Position

At the end of the financial year the Group had $10,690,253 (2017: $14,959,841) in cash and at-call deposits. Capitalised mineral exploration and evaluation expenditure carried forward was $29,279,061 (2017: $28,181,518).

The Group has net assets of $40,785,941 (2017: $43,704,495).

Business Strategies and Prospects for Future Financial Years

Deep Yellow Limited is a clearly differentiated, uranium focused, advanced exploration company that was rejuvenated by the appointment of John Borshoff, founder of Paladin, as CEO in October 2016. Management has a proven track record of being able to deliver on both vision and create considerable shareholder wealth.

The Company has a two-pronged strategy founded firstly on growing the existing uranium resources across its uranium projects in Namibia and secondly, to pursue accretive counter cyclical acquisitions to build a global, multi-project uranium platform much needed with the diminishment of the major producers that has occurred.

Namibia is a top ranked uranium mining jurisdiction where Deep Yellow holds four large cornerstone tenements situated in the heart of what is a world recognised, prospective uranium province containing major uranium deposits which includes the three largest open cut uranium mines worldwide.

Significant achievements in FY18 include the landmark A$4.5M joint venture with the minerals investment arm of the Japanese government, JOGMEC, now in its second full year, and the exciting discovery of a new palaeochannel related uranium deposit (Tumas 3) on its 100% owned project, adding significantly to its calcrete associated resource base. This discovery which is associated with the newly identified 100km palaeochannel confirms the high prospectivity of this regionally occurring channel system justifying continued drilling in the coming years to further enhance the resource base of this target type.

Significant Events after the Balance Date

There have been no events or circumstances which materially affect the Annual Financial Statements of the Group between 30 June 2018 and the date of this report.

Environmental Regulation and Performance

The Group holds Exclusive Prospecting Licences (**EPLs**) issued by the relevant authorities of the country in which the Group operates. These EPLs require the holder to observe any requirements, limitations or prohibitions on its exploration operations as may in the interest of the environmental protection, be imposed by the relevant authorities.

The Group needs to adhere to Environmental Contracts entered into with the relevant authorities.

There have been no significant known breaches of the Group's EPLs or Environmental Contracts to which it is subject.

Share Options

Unissued shares

As at the date of this report, there were 62,469,618 unissued ordinary shares under options (62,469,618 at 30 June 2018 ("the reporting date")). No shares have been issued during the financial year as a result of the exercise of options.

There are no participating rights or entitlements inherent in the Options and Option holders will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Options.

The outstanding balance of unissued ordinary shares under option at date of this report is:

Number	Exercise price (cents)	Grant date	Expiry date *
30,414,142	50.0	6-Jun-17	1-Jun-22
32,055,476	50.0	16-Jun-17	1-Jun-22
62,469,618			

*The expiry date could be accelerated 22 ASX Business Days after **Notification Date.** The **Notification Date** means the date (being any date within 5 ASX Business Days of the **Acceleration Trigger Date**) on which Option holders are notified of the Acceleration Trigger Date" with such notification to be released on the Exchange. The **Acceleration Trigger Date** means that date, that the closing price of the Shares on ASX is higher than A$0.78 for any 20 consecutive ASX Business Day period, then on the 20th consecutive ASX Business Day of any such period.

Performance Rights

As at the date of this report, there were 505,184 Performance Rights outstanding (837,934 at the reporting date). Refer to Note 14 for further details of the Performance Rights outstanding.

There are no participating rights or entitlements inherent in the Performance Rights and Performance Right holders will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Performance Rights.

During the financial year, 492,900 shares have been issued at a weighted average issue price of 29.64 cents per share in relation to Performance Rights that vested.

The outstanding balance of Performance Rights at the date of this report is:

Number of Rights	Vesting Performance Conditions	Date rights granted	Vesting Date
45,000	Time based	30-Apr-18	1-Mar-19
70,000	Time based	30-Apr-18	12-Oct-19
105,000	Market price	30-Apr-18	12-Oct-19
157,573	Time based	26-Jun-18	1-Mar-19
127,611	Time based	26-Jun-18	1-Mar-20
505,184			

Indemnification and Insurance of Directors and Officers

During or since the financial year, the Company has paid premiums to insure certain officers of the Company. The officers of the Company covered by the insurance policy include the Directors and the Company Secretary named in this report.

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

Indemnification of Auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young during or since the financial year.

Directors' Meetings

The number of meetings of Directors (including meetings of Committees of Directors) held during the year ended 30 June 2018, whilst each Director was in office, and the number of meetings attended by each Director was:

	Directors' meetings		Meetings of Committees					
	Board		Audit		Remuneration		Risk	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Number of meetings held:	7		2		4		1	
Number of meetings eligible and attended:								
Rudolf Brunovs	7	7	2	2	-	-	-	-
John Borshoff	7	7	-	-	-	-	1	1
Gillian Swaby	7	7	-	-	-	-	1	1
Mervyn Greene	7	6	2	2	4	4	-	-
Justin Reid	7	7	2	2	4	4	1	1
Christophe Urtel	7	7	-	-	4	4	-	-

Committee Membership

As at the date of this report, the Company had Audit, Remuneration and Risk Committees as detailed below:

Audit	Remuneration	Risk
Rudolf Brunovs ©	Christophe Urtel ©	Justin Reid ©
Mervyn Greene	Mervyn Greene	John Borshoff
Justin Reid	Justin Reid	Gill Swaby

Notes
© designates the Chair of the Committee

Non-audit Services and Auditor's Independence Declaration

During the 2018 financial year Ernst & Young, the Group's auditor, has not provided any non-audit services in addition to their statutory duties.

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act is set out on page 29.

REMUNERATION REPORT (AUDITED)

The Directors present the Remuneration Report (the Report) for the Group for the year ended 30 June 2018 (FY18). This Report forms part of the Directors' Report and has been audited in accordance with section 300A of the *Corporations Act 2001* (the ACT). Any non-IFRS financial information contained in the Remuneration Report has not been audited or reviewed in accordance with Australian Auditing Standards. The Report details the remuneration arrangements of the Group's key management personnel (KMP).

Contents of the Remuneration Report:

1. Remuneration Report Overview

For the purposes of this report, KMP of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Parent (the Company) and include:

* Non-executive Directors (**NEDs**); and
* Executive Directors and Senior Executives, where applicable (collectively the Executives).

The table below outlines the KMP of the Group and their movements during FY18.

Name	Position	Term as KMP
Executive Director		
John Borshoff	Managing Director	Full financial year
Gillian Swaby	Executive Director	Full financial year
Non-executive directors (NEDs)		
Rudolf Brunovs	Chairman	Full financial year
Mervyn Greene	Non-executive Director	Full financial year
Justin Reid	Non-executive Director	Full financial year
Christophe Urtel	Non-executive Director	Full financial year

There were no changes to KMP after the reporting date and before the date the financial report was authorised for issue.

2. Overview of Executive Remuneration

(a) Executive Remuneration Policies, Processes and Practices

The Group's remuneration objective is to adopt policies, processes and practices to ensure that reward programs are fair and responsible and in compliance with the Corporations Act and the ASX Listing Rules and are also in accordance with principles of good corporate governance. The key objectives of the Group's award framework are to ensure that remuneration practices:

* Promote mutually beneficial outcomes by aligning the interests of Executives with shareholder objectives;
* Build a culture of achievement by attracting, motivating and retaining high performing individuals who will add value to the Group;
* Provide a fair level of reward to all employees, benchmarked against peer groups; and
* Create a culture that promotes safety, diversity and stakeholder satisfaction.

Align the interests of Executives with shareholders

* The remuneration framework incorporates "at-risk" components through short and long term incentives; and
* For short term incentives, Group performance and the Managing Director's contribution to that performance is reviewed.

Attract, motivate and retain high performing individuals

- The remuneration offered is competitive for companies of a similar industry, size and complexity; and
- Longer term remuneration encourages retention and multi-year performance focus.

(b) Remuneration Structures

The Group aims to reward Executives with a level and mix of remuneration commensurate with their position, responsibilities and performance within the Group, in a way that aligns with shareholder objectives. Executive remuneration levels are reviewed annually by the Remuneration Committee with reference to the remuneration guiding principles and market movements.

The Group's remuneration structure for Executives can include a mix of:

- Fixed remuneration
- Variable remuneration
  - Short term incentive
  - Long term incentive

The **fixed remuneration** component is comprised of a base salary/service fee, statutory superannuation contributions (where applicable) and other benefits. It is paid by the Group to compensate fully for all requirements of the Executives' employment with reference to the market and the individual's role and experience. Executive contracts do not include any guaranteed increases. The Group benchmarks the fixed component against appropriate market comparisons with its peer groups. The Group performed a detailed review during the first quarter of FY18 which led to some parity adjustments for FY18 based on market analysis considering employees skills, job requirements and experience specific to the Group's needs.

The **short term incentive** (STI) component is in the form of a cash bonus to the Managing Director of up to 25% of his annual service fee, which incentive may, at the discretion of the Company be paid in cash or shares. Payment of the cash bonus is entirely discretionary and recognises and rewards Group performance and the Managing Director's contribution to that performance. The STI is paid, where applicable, after the assessment of annual performance.

The **long term incentive** (LTI) component is in the form of Loan Plan Shares to the Managing Director and Executive Director. It rewards the Executives for their contribution to the creation of shareholder value over the longer term. Vesting of the Loan Plan Shares is dependent on certain time and market price conditions being met.

(c) Detail of Incentive Plans

Short Term Incentive (STI)

Actual STI payments awarded to the Managing Director are subject to the achievement of clearly defined business goals covering financial and non-financial performance measures. A summary of these measures and weightings in relation to the 2018 financial year are set out below. These measures were chosen as they represent the key drivers for the short term success of the business and provide a framework for delivering long-term value.

Performance measures	Proportion of STI award measure applies to
Financial measures: * Appropriate funding arrangements	30%
Non-financial measures: * Strategic tenement retention and exploration * Organic and inorganic Resource growth and development * Risk management * Leadership / team contribution * Stakeholder communication	70%

The Managing Director's STI award is usually determined and paid within three months of the financial year, after consideration of the Group's performance and the Managing Director's contribution to this performance. The Remuneration Committee recommends for Board approval the amount, if any, to be paid. Cash bonus payments are therefore made in the following reporting period.

The maximum STI cash bonus available to the Managing Director for FY17 was $96,250. The maximum STI of $96,250 was awarded to the Managing Director during FY17 and was paid during FY18.

The maximum STI cash bonus available to the Managing Director for FY18 was $102,500. The maximum STI of $102,500 was awarded to the Managing Director during FY18 and was paid during FY19.

Long Term Incentive (LTI)

In the past, LTI awards were made annually to Executives and other employees in order to align remuneration with shareholder wealth over the long-term and delivered in the form of Performance Rights under The Deep Yellow Limited Awards Plan (**Awards Plan**).

The Group has reassessed the criteria for participation in its share based incentive plan including a review of its Awards Plan which administers the operation of Options and Performance Rights as long term incentives. The outcome of the review was that all KMPs would be eligible to participate in the Company's Loan Share Plan on terms determined by the Board, subject to receiving appropriate shareholder approval, if required. Other Executives and Employees would be eligible to participate in the Company's Loan Share Plan or Awards Plan in the form of Performance Rights depending on their location and/or role in the Group.

Loan Plan Shares

During the 2017 financial year, the Group established the Deep Yellow Limited Loan Share Plan ("Loan Share Plan") administering the operation of Loan Plan Shares.

The Loan Share Plan rewards and incentivises the participant, where shareholder approval has been granted, through an arrangement where shares are offered subject to long term performance conditions in the form of share price target and time based vesting conditions. Details of performance conditions for awards made to the Managing Director and Executive Director during FY18 are provided in Table 1(a). The shares are offered at market value such that the incentive is linked to the increase in value over and above the purchase price and so aligns the participants to the risks and rewards of a shareholder. The purchase price payable by the participant for the ordinary shares is lent to the participant under an interest free limited recourse loan, with the loan secured against the shares. The loan can be repaid at any time, however to avoid compulsory divestment of Loan Plan Shares, the loan must be repaid on the earlier of 10 years after the issuance of the shares and the occurrence of:

a) in the case of vested shares, the date being 12 months after cessation of employment or service contract for any reason; or
b) pre-determined occurrences as per the Loan Share Plan including but not limited to a Control Event or material breach by the Participant.

The shares vest over a period of time if certain Company share price targets are met and the holder of the Loan Plan Shares remains employed with the Company during the measurement period. Awards made to the Managing Director and Executive Director contained both share price target and time based vesting conditions. These conditions were chosen as it reflects an appropriate balance between individual reward and market performance. Those awards without performance conditions were issued to encourage long-term retention. If these vesting conditions are not met the shares are forfeited and the forfeited shares are treated as full consideration for the repayment of the loan. Financial based performance conditions such as Total Shareholder Return and Return on Equity Earnings are not chosen as a performance measure for the Loan Share Plan as these are difficult to measure in the present operating environment. A participant may not trade shares acquired under the Loan Share Plan until the shares have vested, any imposed dealing restrictions have ended and the limited recourse loan in respect to those shares has been paid in full.

Loan Plan Shares were deliberately chosen because they provide an appropriate level of incentive in a competitive environment and are cost effective in that there is no cash outlay for the Group which is appropriate given the Group's exploration status.

Where a participant ceases employment prior to the vesting of their Loan Plan Shares, all unvested shares will be compulsorily divested on a date determined by the Board unless the Board exercises its discretion to allow vesting at or post cessation of employment.

In the event of a change of control of the Group, the Board may determine, in its absolute discretion, that some or all of the unvested Loan Plan Shares will automatically vest in a manner that allows the participant to participate in and/or benefit from any transaction from or in connection with the Change of Control Event.

The participant is entitled to receive dividends on unvested Loan Plan Shares. For so long as there is an outstanding loan balance in relation to the Loan Plan Shares, the participant irrevocably and unconditionally directs the Company to withhold all after-tax dividends in respect of the participants Loan Plan Shares and apply all amounts so withheld in repayment of the outstanding loan balance.

Loan Plan Shares were granted under the Loan Share Plan to the Managing Director and Executive Director in December 2017 and have been accounted for as a share based payment. Details in respect of the award are provided in Table 1(a).

Sign-on Payments

In addition to fixed remuneration, STI and LTI, the Board may determine, from time to time, to award sign-on payments to new executives.

3. Group Performance and Executive Remuneration Outcomes for FY18

Actual Remuneration Earned

The actual remuneration earned by KMP in FY18 is set out in section 7 below. This provides shareholders with a view of the remuneration actually paid to KMP for performance in FY18 and the value of LTIs that vested during the period.

LTI Vesting Outcomes

Loan Plan Shares

The vesting of Loan Plan Shares issued to Executives is driven by time and market price vesting conditions.

The table below outlines current and expected outcomes for the vesting of issued Loan Plan Shares at 30 June 2018. Projected outcomes for the future vesting of issued Loan Plan Shares with market price vesting conditions are based on the assumption that the current 52-week high share price will be reached at the future testing date.

Market Price and Time Based Tests	
FY 2017 grant **24 - 60 cents**	**FY 2018 grant** **40 -75 cents ***
30% of awards immediately vested during the 2017 financial year as sign-on shares to the Managing Director	20% of awards will vest during the 2019, 2020 and 2021 financial years if time based vesting conditions are met.
42% of awards vested during the 2017and 2018 financial years as time and market price vesting conditions were met.	8% of market based awards will vest during the 2019 financial year based on the assumption that the 52-week high share price of 44.5 cents at 31 August 2018 will be reached at testing date.
7% of awards will vest during the 2019 financial year if time based vesting conditions are met.	72% of awards will be cancelled unexercised during the 2020 and 2021 financial years if the market price test is not met.
21% of awards will be cancelled unexercised during the 2019 financial year if the market price test is not met.	

*Market price tests:
40 cents at 12 October 2018
60 cents at 12 October 2019
75 cents at 12 October 2020

Group Performance

The table below shows the performance of the Group as measured by its earnings per share and its share price over the past five years. The movement in share price shown in the table is a reflection of both the consolidation of share capital, new management and the recent growth experienced in the price of U_3O_8 reversing the downward trend up to 2017.

	30 June 2018 Cents	30 June 2017 Cents	30 June 2016 Cents	30 June 2015 Cents	30 June 2014 Cents
Share price	34.0	28.0	8.0	20.0	38.0
U_3O_8 spot price (US$/lb)	22.80	19.68	27.15	36.5	28.2
Loss per share	(1.29)	(22.51)	(1.82)	(22.32)	(24.33)

4. Remuneration Governance

Remuneration Decision Making

The Board operates within a remuneration decision making framework whereby:

* Management implement general employee remuneration policies approved by the Managing Director;
* The Managing Director makes recommendations on remuneration outcomes for senior executives; and
* A Board appointed Remuneration Committee review the Group's remuneration framework and policy and make recommendations to the Board on remuneration packages for NEDs and Executive Directors and incentive and equity-based remuneration plans for Senior Executives and other employees.

The composition of the Remuneration Committee is set out on page 18 of this Annual Report.

Further information on the Remuneration Committee's role, composition, operation, responsibilities and authority can be seen in the Remuneration Committee Charter at http://deepyellow.com.au/corporate-governance/

Use of Remuneration Advisors

To ensure the Remuneration Committee is fully informed when making remuneration decisions, from time to time it obtains external advice from an independent consultant. During the financial year, the Remuneration Committee approved the engagement of BDO Reward (WA) Pty Ltd (**BDO**) to provide remuneration recommendations on Board and Executive Remuneration Structures.

Both BDO and the Remuneration Committee are satisfied the advice received from BDO is free from undue influence from the KMP to whom the remuneration recommendations apply.

The remuneration recommendations were provided to the Remuneration Committee as an input into decision making only. The Remuneration Committee considered the recommendations, along with other factors, in making its remuneration decisions.

The fees paid to BDO for the remuneration recommendations were $9,277. In addition to providing remuneration recommendations, BDO provided advice on other aspects of the remuneration of the Group's employees and various other advisory services and was paid a total of $45,198 for these services.

Clawback of Remuneration

The Board has the discretion to reduce or cancel any unvested Long Term Incentive (LTI) including the compulsory divestment of unvested or vested Loan Plan Shares under the Deep Yellow Limited Loan Share Plan if a KMP acts in a manner of:

- Wilful misconduct bringing disrepute to the Group;
- Repeated disobedience or incompetence in the performance of duties, after prior written warning; or
- Fraud, dishonesty or a material breach of their obligations to the Group.

Securities Trading Policy

The Group's Securities Trading Policy applies to all KMP. The policy prohibits employees from dealing in the Company's securities while in possession of material non-public information relevant to the Group. Additional restrictions are placed on Restricted Employees whereby they are prohibited from dealing in the Company's securities during prescribed closed periods. Directors and employees are further prohibited from engaging in hedging arrangements over unvested securities to protect the value of their unvested LTI awards. Breach of the Securities Trading Policy will also be regarded by the Group as serious misconduct which may lead to disciplinary action and/or dismissal.

Executive Contracts

Remuneration arrangements for KMP are formalised in service agreements. Details of these agreements are provided below:

Mr J Borshoff – Managing Director / CEO

Scomac Management Services Pty Ltd as trustee for the Scomac Unit Trust (Scomac) has been appointed on a non-exclusive basis to provide the Company with management, strategic, technical and geological expertise and services through Scomac personnel which they employ or have access to (Scomac agreement).

Consultant personnel who Scomac employ or have access to include Mr John Borshoff, the Company's Managing Director and Chief Executive Officer, who has been appointed pursuant to the Scomac agreement.

The terms of the Scomac agreement as it relates to Mr Borshoff as an employee of Scomac are formalised in the Scomac agreement and were disclosed to the ASX on 24 October 2016. The current terms are as follows:

- No fixed term, duration subject to termination provisions;
- Fee for services rendered of $410,000 per annum (plus GST);
- The service fee and/or structure to be reviewed annually;
- Eligibility to receive an annual short term incentive of up to 25% of the Service Fee, at the discretion of the Company, which can be paid in either shares or cash; and
- Eligibility to participate in the Company's Loan funded share plan as long term incentive on terms determined by the Board, subject to receiving any required or appropriate shareholder approval (details provided in Section 6(c) and Table 1(a)).
- Termination provisions:
  1. Scomac may terminate the agreement on 6 months' prior notice to the Company;
  2. The Company may terminate the agreement on 12 months' prior notice to Scomac;
  3. Where either party has terminated the agreement, the Company may pay Scomac an amount in lieu of the notice in which case the agreement shall be at an end on such a payment; and
  4. No notice of termination required by the Company for breach of a material term by Scomac.

Ms G Swaby – Executive Director

The Company has entered into a Consultancy Agreement with Strategic Consultants Pty Ltd (**Strategic**) for consultancy services provided by Ms Swaby. The current terms are as follows:

* Commenced 24 October 2016 and continues until such time as terminated by either party;
* Consulting fee of $1,850 per day to a maximum of $270,000 per annum;
* The fee and/or structure to be reviewed from time to time having regard to the performance of Ms Swaby and the Company;
* Either party may terminate the agreement on one month's notice to the other party; and
* Eligibility to participate in the Company's Loan Share Plan as long term incentive on terms determined by the Board, subject to receiving any required or appropriate shareholder approval (details provided in Section 6(c) and Table 1(a)).

5. Non-executive Director (NED) Fee Arrangements

Remuneration Structure

The structural component of NED fees is separate and distinct from Executive remuneration. It is designed to attract and retain directors of the highest calibre who can discharge the roles and responsibilities required in terms of good governance, independence and objectivity whilst incurring a cost that is acceptable to shareholders.

Fee Policy

The Remuneration Committee reviews NED fees annually against comparable companies. The Board also considers advice from external advisors when undertaking the review process, where applicable.

NED fees consist of base fees and committee fees. The payment of additional fees for serving as Chair of a committee recognises the additional time commitment required by NEDs who act as Chair of a Board Committee.

The table below summarises Board and Committee fees paid to NEDs for FY18 (inclusive of superannuation):

Board fees		Total $
Chair		90,000
NED		60,000
Committee fees		
Chair	Audit and Remuneration	5,000

NEDs may be reimbursed for expenses reasonable incurred in attending to the Group's affairs. NEDs do not receive retirement benefits, nor do they participate in any incentive programs.

The Board has confirmed there will be no increases in Board or Committee fees for FY19.

Determination of Fees and Maximum Aggregate NED Fee Pool

NED fees are determined within an aggregate NED fee pool limit, which is periodically determined by a general meeting. The latest determination was at the Annual General Meeting held on 19 November 2009 when shareholders approved a maximum amount which could be paid as NED fees of $450,000 per annum to be apportioned between the NEDs as determined by the Board. The maximum aggregate fee pool and the fee structure are reviewed on a periodic basis against fees paid to NEDs of comparable companies.

The Board will not seek any increase for the NED pool at the 2018 AGM.

6. Statutory and Share-based Reporting

(a) Executive KMP remuneration for FY17 and FY18

		Short-term benefits			Post employment	Long-term benefits	Share-based payments				Total Remuneration	Performance Related (iii) %
	Financial year	Salary & fees	Other	Cash bonus (i)	Superannuation Contributions	Long service leave	Shares (vii)	Performance Rights	Loan plan shares (ii)	Termination payments		
Executive Directors												
J Borshoff	2018	-	410,000	102,500	-	-	-	-	285,857	**-**	**798,357**	36.7
	2017	-	307,183	96,250	-	-	-	-	554,825	**-**	**958,258**	26.1
G Swaby (iv)	2018	18,265	207,263	-	1,735	-	-	-	46,146	**-**	**273,409**	12.5
	2017	35,065	200,250	-	3,331	-	2,895	-	-	**-**	**241,541**	-
G Cochran (v)	2018	-	-	-	-	-	-	-	-	-	**-**	
	2017	155,350	-	-	30,922	-	-	(38,049)	-	215,263	**363,486**	(11.8)
Other KMP												
M Pitts (vi)	2018	-	-	-	-	-	-	-	-	-	**-**	
	2017	-	25,666	-	-	-	-	3,111	-	**-**	**28,777**	1.8
Total Executive KMP	**2018**	**18,265**	**617,263**	**102,500**	**1,735**	**-**	**-**	**-**	**332,003**	**-**	**1,071,766**	
	2017	**190,415**	**533,099**	**96,250**	**34,253**	**-**	**2,895**	**(34,938)**	**554,825**	**215,263**	**1,592,062**	

(i) Mr Borshoff earned 100% of his maximum STI opportunity for FY18.
(ii) Inclusive of an amount of $300,000 for FY17 in relation to 30 million Loan Plan Shares that were issued on 1 December 2016 as sign-on bonus. Details in respect of the awards are provided in Table 1(a).
(iii) Performance measures are based on the cash bonus and the market related component of Performance Rights and Loan Plan Shares.
(iv) Ms Swaby received a director fee in her personal capacity up to 31 October 2018 where after all subsequent remuneration was paid as part of her consultancy agreement concluded with effect from 24 October 2016.
(v) Mr Cochran resigned effectively 23 October 2016 and his final salary included an amount of $45,114 in relation to past annual leave benefits. He forfeited a proportion of his unvested performance rights in accordance with the terms of the Awards Plan and any expense previously recognised in respect of the performance rights has been reversed.
(vi) The Company underwent a management change during October 2016 where after Mr Pitts was no longer defined as a KMP effective 1 November 2016. He remained Company Secretary.
(vii) Shares have been issued in lieu of fees up to 30 November 2016 as approved by shareholders at the 2016 AGM. The fair value has been recognised based on the share price at 30 November 2016 (AGM date) when shareholder approval was obtained. The actual value received has been indicated in sub-section 7 below.

(b) NED Remuneration for FY17 and FY18

		Short term benefits		Post Employment	Share based Payments	
	Financial year	Board and Committee fees	Other benefits	Superannuation contributions	Shares (i)	Total
Non-executive Directors						
R Brunovs	2018	86,758	-	8,242	-	95,000
	2017	70,490	-	6,696	33,723	110,909
M Greene	2018	60,000	-	-	-	60,000
	2017	48,750	-	-	21,296	70,046
J Reid	2018	60,000	-	-	-	60,000
	2017	40,000	-	-	-	40,000
G Swaby (ii)	2018	-	-	-	-	-
	2017	10,882	-	1,034	20,180	32,096
C Urtel (iii)	2018	65,000	-	-	-	65,000
	2017	51,249	56,687	-	21,296	129,232
Total NED	**2018**	**271,758**	**-**	**8,242**	**-**	**280,000**
	2017	**221,371**	**56,687**	**7,730**	**96,495**	**382,283**

(i) Shares have been issued in lieu of fees up to 30 November 2016 as approved by shareholders at the 2016 AGM. The fair value has been recognised based on the share price at 30 November 2016 (AGM date) when shareholder approval was obtained.
(ii) Ms Swaby has been an independent Non-executive Director of the Company since October 2005. Her role changed to that of Executive Director effective 1 November 2016, on a consulting basis.
(iii) Mr Urtel performed work outside the scope of his director duties during FY17 and 5,668,703 ordinary shares were issued to him in lieu of consulting fees and included in "Other benefits".

(c) Disclosures Relating to Loan Plan and Ordinary Shares

This section sets out the additional disclosures required under the *Corporations Act 2001*.

During FY18 no Performance Rights were granted, vested or lapsed as equity compensation benefits to KMP.

The table below disclose the Loan Plan Shares granted, vested and lapsed in relation to KMP during FY18. Loan Plan Shares carry voting rights and participants are entitled to dividends on unvested Loan Plan Shares. For so long as there is an outstanding loan balance in relation to the Loan Plan Shares, the participant irrevocably and unconditionally directs the Company to withhold all after-tax dividends in respect of the participants Loan Plan Shares and apply all amounts so withheld in repayment of the outstanding loan balance.

Table 1(a): Loan Plan Shares: Granted, Vested and Divested during FY18

								Number	Value	
	Financial year	Number issued)	Issue Date	Fair Value per share at issue date (cents)	Vesting date	Exercise price (cents) (i)	Expiry date (ii)	Vested during year	Issued during year $A	Vested during year A$ (iii)
Executive directors										
J Borshoff (i)	2017	7,000,000	1-Dec-16	1.0	30-Jun-18	1.1	30-Nov-26	7,000,000	-	119,000
J Borshoff (i)	2017	17,000,000	1-Dec-16	0.6	30-Jun-18	1.1	30-Nov-26	17,000,000	-	289,000
J Borshoff	2018	120,000	6-Dec-17	19.5	12-Oct-18	32.4	5-Dec-27	-	23,400	-
J Borshoff	2018	30,000	6-Dec-17	29.7	12-Oct-18	32.4	5-Dec-27	-	8,910	-
J Borshoff	2018	240,000	6-Dec-17	20.9	12-Oct-19	32.4	5-Dec-27	-	50,160	-
J Borshoff	2018	60,000	6-Dec-17	29.7	12-Oct-19	32.4	5-Dec-27	-	17,820	-
J Borshoff	2018	840,000	6-Dec-17	22.7	12-Oct-20	32.4	5-Dec-27	-	190,680	-
J Borshoff	2018	210,000	6-Dec-17	29.7	12-Oct-20	32.4	5-Dec-27	-	62,370	-
G Swaby	2018	60,000	6-Dec-17	19.5	12-Oct-18	32.4	5-Dec-27	-	11,700	-
G Swaby	2018	15,000	6-Dec-17	29.7	12-Oct-18	32.4	5-Dec-27	-	4.455	-
G Swaby	2018	120,000	6-Dec-17	20.9	12-Oct-19	32.4	5-Dec-27	-	25,080	-
G Swaby	2018	30,000	6-Dec-17	29.7	12-Oct-19	32.4	5-Dec-27	-	8,910	-
G Swaby	2018	420,000	6-Dec-17	22.7	12-Oct-20	32.4	5-Dec-27	-	95,340	-
G Swaby	2018	105,000	6-Dec-17	29.7	12-Oct-20	32.4	5-Dec-27	-	31,185	-

(i) Pre-consolidation (20:1) numbers and values in relation to loan plan shares granted during FY17.
(ii) Loan Plan Shares do not have an expiry date. The limited recourse loan in respect of the Loan Plan Shares has to be fully paid 10 years after grant date of the Loan Plan Shares.
(iii) Value based on share price on vesting date.

For details on the valuation of Loan Plan Shares, including models and assumptions used, please refer to Note 14.

The Loan Plan Shares were provided at no cost to the recipients.

There were no alterations to the terms and conditions of Loan Plan Shares issued as remuneration since their grant/issue dates.

Table 1(b): Shareholdings *

2018 Name	Balance at start of the year	Granted as remuneration (i)	Balance at the end of the year
Executive directors			
J Borshoff (ii)	5,000,000	1,500,000	6,500,000
G Swaby (iii)	2,923,600	750,000	3,673,600
Non-executive Directors			
R Brunovs	484,370	-	484,370
M Greene	2,774,192	-	2,774,192
J Reid	-	-	-
C Urtel	842,832	-	842,832

* Includes shares held directly, indirectly and beneficially by KMP

(i) On 6 December 2017 Mr Borshoff and Ms Swaby were issued with Loan Plan Shares. Details in respect of the awards are provided in Table 1(a).
(ii) At reporting date, 4,100,000 shares have not vested.
(iii) At reporting date, 750,000 shares have not vested.

A participant may not trade shares acquired under the Loan Share Plan until the shares have vested, any imposed dealing restrictions have ended and the limited recourse loan in respect to those shares has been paid in full.

(d) Other Transactions and Balances with KMP and their Related Parties

Details and terms and conditions of other transactions with KMP and their related parties:

Scomac Management Services Pty Ltd as trustee for the Scomac Unit Trust ("Scomac" or "Consultant") has been appointed on a non-exclusive basis to provide the Group with management, strategic, technical and geological expertise and services through the Consultant personnel they employ or have access to ("Scomac agreement"). Mr Borshoff has a financial interest in Scomac.

During the year ended 30 June 2018 Scomac billed the Company $707,169, inclusive of GST and on-costs (2017:$417,050), for technical and geological services (excluding Mr Borshoff) on normal commercial terms and conditions. These amounts are not included in the remuneration tables above. Fees paid to Scomac in relation to services provided by Mr Borshoff as Managing Director are detailed in section 6(a). No amount was outstanding at 30 June 2018 (2017 Nil). The amount for other services was recognised as non-current asset: capitalised mineral exploration and evaluation expenditure.

7. Actual Remuneration Earned by KMP in FY18

The actual remuneration earned by executives in FY18 is set out below. This information is considered to be relevant as it provides shareholders with a view of the remuneration actually paid to KMP for performance in FY18 and the value of LTIs that vested during the period. This differs from the remuneration details prepared in accordance with statutory obligations and accounting standards on pages 25 and 26 of this report, as those details include the values of Performance Rights that have been awarded but which may or may not vest.

2018 Name	Fixed cash remuneration (i)	STI (FY17 performance) (ii)	LTI award vested (iii)	Total remuneration received
Executive director				
J Borshoff	410,000	96,250	54,000	560,250
G Swaby	225,528	-	-	225,528
Non-executive Directors				
R Brunovs	95,000	-	-	95,000
M Greene	60,000	-	-	60,000
J Reid	60,000	-	-	60,000
C Urtel	65,000	-	-	65,000

(i) Base salary or fee and superannuation
(ii) The maximum STI was awarded to the Managing Director for FY17 but only paid during FY18.
(iii) The value is based on the number of Loan Plan Shares vested multiplied by the share price on the vesting date of 1 July 2017 reduced by the outstanding loan in relation to the loan plan shares.

End of Remuneration Report (Audited)

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

DATED at Perth this 18th day of September 2018.

John Borshoff
Managing Director

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

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

As lead auditor for the audit of Deep Yellow Limited for the financial year ended 30 June 2018, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit*;* and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Deep Yellow Limited and the entities it controlled during the financial year.

Ernst & Young

Robert Kirkby
Partner
18 September 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
Interest revenue	5(a)	**264,448**	44,612
Other income	5(b)	**150,231**	267,417
Revenue and Other Income		**414,679**	312,029
Depreciation and amortisation expenses	6	**(77,069)**	(37,928)
Marketing expenses		**(139,021)**	(38,759)
Occupancy expenses		**(138,361)**	(97,302)
Administrative expenses		**(1,716,409)**	(1,319,259)
Employee expenses	6	**(887,869)**	(1,410,784)
Impairment of capitalised mineral exploration and evaluation expenditure	11	**(12,300)**	(25,452,370)
Loss before income tax		**(2,556,350)**	(28,044,373)
Income tax expense	7(b)	**-**	-
Loss for the period after income tax		**(2,556,350)**	(28,044,373)
Other comprehensive income			
Items to be reclassified to profit and loss in subsequent periods, net of tax			
Foreign currency translation (loss)/gain	13(d)	**(330,825)**	3,464,618
Other comprehensive (loss)/income for the year, net of tax		**(330,825)**	3,464,618
Total comprehensive loss for the year, net of tax		**(2,887,175)**	(24,579,755)
Earnings per share for loss attributable to the ordinary equity holders of the Company.		**Cents**	Cents
Basic loss per share	26	**(1.34)**	(22.51)
Diluted loss per share	26	**(1.34)**	(22.51)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
ASSETS			
Current assets			
Cash and cash equivalents	8	**10,690,253**	14,959,841
Trade and other receivables	9(a)	**444,464**	443,115
Other assets	9(b)	**224,066**	185,149
Total current assets		**11,358,783**	15,588,105
Non-current assets			
Property, plant and equipment	10	**579,858**	547,797
Capitalised mineral exploration and evaluation expenditure	11	**29,279,061**	28,181,518
Total non-current assets		**29,858,919**	28,729,315
Total assets		**41,217,702**	44,317,420
LIABILITIES			
Current liabilities			
Trade and other payables	12	**431,761**	612,925
Total current liabilities		**431,761**	612,925
Total liabilities		**431,761**	612,925
Net assets		**40,785,941**	43,704,495
EQUITY			
Issued equity	13(a)	**238,722,162**	239,065,259
Accumulated losses	13(d)	**(192,326,868)**	(189,770,518)
Employee equity benefits reserve	13(d)	**11,086,143**	10,774,425
Foreign currency translation reserve	13(d)	**(16,695,496)**	(16,364,671)
Total equity		**40,785,941**	43,704,495

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Issued Equity	Accumulated losses	Employee equity benefits reserve	Foreign currency translation reserve	Total Equity
	$	$	$	$	$
At 1 July 2017	**239,065,259**	**(189,770,518)**	**10,774,425**	**(16,364,671)**	**43,704,495**
Loss for the period	-	(2,556,350)	-	-	(2,556,350)
Other comprehensive loss	-	-	-	(330,825)	(330,825)
Total comprehensive loss for the period	-	(2,556,350)	-	(330,825)	(2,887,175)
Issue of share capital	-	-	-	-	-
Capital raising costs	(489,216)	-	-	-	(489,216)
Vesting of performance rights	146,119	-	(146,119)	-	-
Share based payments	-	-	457,837	-	457,837
At 30 June 2018	**238,722,162**	**(192,326,868)**	**11,086,143**	**(16,695,496)**	**40,785,941**

	Issued Equity	Accumulated losses	Employee equity benefits reserve	Foreign currency translation reserve	Total Equity
	$	$	$	$	$
At 1 July 2016	**222,055,441**	**(161,726,145)**	**10,442,849**	**(19,829,289)**	**50,942,856**
Loss for the period	-	(28,044,373)	-	-	(28,044,373)
Other comprehensive income	-	-	-	3,464,618	3,464,618
Total comprehensive loss for the period	-	(28,044,373)	-	3,464,618	(24,579,755)
Issue of share capital	17,285,258	-	-	-	17,285,258
Capital raising costs	(624,248)	-	-	-	(624,248)
Vesting of performance rights	192,530	-	(192,530)	-	-
Share based payments	156,278	-	524,106	-	680,384
At 30 June 2017	**239,065,259**	**(189,770,518)**	**10,774,425**	**(16,364,671)**	**43,704,495**

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 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
Cash flows from operating activities			
Interest received		**151,294**	**46,364**
Payments to suppliers and employees		**(2,381,610)**	**(1,930,125)**
R&D tax refund	5(b)	-	**216,896**
Other receipts		**156,422**	**6,000**
Net cash used in operating activities	8	**(2,073,894**	**(1,660,865)**
Cash flows from investing activities			
Exploration expenditure		**(3,141,960)**	**(1,587,989)**
Payments for property, plant and equipment		**(128,178)**	**(103,025)**
Payment of security deposits		**-**	**(101,428)**
Refund of security deposits		-	**43,032**
Other (JV earn-in contribution)		**1,448,878**	**-**
Net cash used in investing activities		**(1,821,260)**	**(1,749,410)**
Cash flows from financing activities			
Proceeds from the issue of shares		**-**	**17,285,258**
Other (capital raising costs)		**(489,216)**	**(624,248)**
Net cash (used in)/from financing activities		**(489,216)**	**16,661,010**
Net (decrease)/increase in cash and cash equivalents		**(4,384,370)**	**13,250,735**
Effects on cash of foreign exchange		**114,782**	**129,618**
Cash and cash equivalents at the beginning of the financial year		**14,959,841**	**1,579,488**
Cash and cash equivalents at the end of the financial year	8	**10,690,253**	**14,959,841**

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

Note 1 Corporation information and summary of significant accounting policies

The consolidated financial statements of Deep Yellow Limited and its subsidiaries (the **Group**) for the year ended 30 June 2018 were authorised for issue in accordance with a resolution of Directors on 14 September 2018, subject to minor changes.

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

Information on the nature of the operations and principal activities of the Group are described in the Directors' Report. Information on the Group's structure is provided in Note 3 and information on other related party relationships is provided in Note 22.

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.

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001,* Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis.

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

The consolidated financial statements provide comparative information in respect of the previous period.

(b) Compliance with International Financial Reporting Standards (IFRS)

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

(c) Changes in accounting policies, disclosures, standards and interpretations

(i) Changes in accounting policies, new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year. From 1 July 2017, Deep Yellow Limited has adopted all Australian Accounting Standards and Interpretations effective from 1 July 2017, including:

Reference	Title	Application date of standard*	Application date for Group*
AASB 2016-1	*Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses* This Standard makes amendments to *AASB 112 Income Taxes* to clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.	1 January 2017	1 July 2017
AASB 2016-2	*Amendments to Australian Accounting Standards– Disclosure Initiative: Amendments to AASB 107* The amendments to *AASB 107 Statement of Cash Flows* are part of the IASB's Disclosure Initiative and help users of financial statements better understand changes in an entity's debt. The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).	1 January 2017	1 July 2017
AASB 2017-2	Amendments to Australian Accounting Standards– Further Annual Improvements 2014-2016 Cycle This Standard clarifies the scope of *AASB 12 Disclosure of Interests in Other Entities* by specifying that the disclosure requirements apply to an entity's interests in other entities that are classified as held for sale or discontinued operations in accordance with *AASB 5 Non-current Assets Held for Sale and Discontinued Operations.*	1 January 2017	1 July 2017

* Designates the beginning of the applicable annual reporting period unless otherwise stated.

(ii) Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 30 June 2018 are outlined in the table below:

Reference	Title	Summary	Application date of standard *	Application date for Group *
AASB 9, and relevant amending standards	*Financial Instruments*	AASB 9 replaces AASB 139 *Financial Instruments: Recognition and Measurement*. Except for certain trade receivables, an entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Debt instruments are subsequently measured at fair value through profit or loss (FVTPL), amortised cost, or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held. There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) without subsequent reclassification to profit or loss. For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss. All other AASB 139 classification and measurement requirements for financial liabilities have been carried forward into AASB 9, including the embedded derivative separation rules and the criteria for using the FVO. The incurred credit loss model in AASB 139 has been replaced with an expected credit loss model in AASB 9. The requirements for hedge accounting have been amended to more closely align hedge accounting with risk management, establish a more principle-based approach to hedge accounting and address inconsistencies in the hedge accounting model in AASB 139. *Impact;* The Group does not believe that there will be a material financial impact to either the Consolidated statement of profit or loss or the Consolidated statement of financial position once this accounting standard is adopted. Whilst our assessment is ongoing, we do not believe there will be material impacts on the basis that for impacted financial assets there is no material difference between fair value and amortised cost.	1 January 2018	1 July 2018

Reference	Title	Summary	Application date of standard *	Application date for Group *
AASB 15, and relevant amending standards	*Revenue from Contracts with Customers*	AASB 15 replaces all existing revenue requirements in Australian Accounting Standards (AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB Interpretation 13 *Customer Loyalty Programs*, AASB Interpretation 15 *Agreements for the Construction of Real Estate*, AASB Interpretation 18 *Transfers of Assets from Customers* and AASB Interpretation 131 *Revenue – Barter Transactions Involving Advertising Services*) and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as AASB 117 (or AASB 16 *Leases*, once applied). The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. An entity recognizes revenue in accordance with the core principle by applying the following steps: ► Step 1: Identify the contract(s) with a customer ► Step 2: Identify the performance obligations in the contract ► Step 3: Determine the transaction price ► Step 4: Allocate the transaction price to the performance obligations in the contract ► Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation. *Impact;* The Group does not believe that there will be a material financial impact to either the Consolidated statement of profit or loss or the Consolidated statement of financial position once this accounting standard is adopted. Whilst our assessment is ongoing, we do not believe there will be material impacts on the basis that revenue in the form of asset recharges and administration fee earned will continue to be recognized over time as assets are made available for use and administration services are provided.	1 January 2018	1 July 2018
AASB 2016-5	*Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*	This Standard amends AASB 2 *Share-based Payment*, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: ► The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments ► Share-based payment transactions with a net settlement feature for withholding tax obligations ► A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.	1 January 2018	1 July 2018
AASB 2017-1	*Amendments to Australian Accounting Standards – Transfers of Investments Property, Annual Improvements 2014-2016 Cycle and Other Amendments*	The amendments clarify certain requirements in: ► AASB 1 First-time Adoption of Australian Accounting Standards – deletion of exemptions for first-time adopters and addition of an exemption arising from AASB Interpretation 22 Foreign Currency Transactions and Advance Consideration ► AASB 12 Disclosure of Interests in Other Entities – clarification of scope ► AASB 128 Investments in Associates and Joint Ventures – measuring an associate or joint venture at fair value ► AASB 140 Investment Property – change in use.	1 January 2018	1 July 2018
AASB Interpretation 22	*Foreign Currency Transactions and Advance Consideration*	The Interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.	1 January 2018	1 July 2018

Reference	Title	Summary	Application date of standard *	Application date for Group *
AASB 16	Leases	AASB 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.	1 January 2019 **	1 July 2019
AASB 2017-6	Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation	This Standard amends AASB 9 Financial Instruments to permit entities to measure at amortised cost or fair value through other comprehensive income particular financial assets that would otherwise have contractual cash flows that are solely payments of principal and interest but do not meet that condition only as a result of a prepayment feature. This is subject to meeting other conditions, such as the nature of the business model relevant to the financial asset. Otherwise, the financial assets would be measured at fair value through profit or loss. The Standard also clarifies in the Basis for Conclusion that, under AASB 9, gains and losses arising on modifications of financial liabilities that do not result in derecognition should be recognised in profit or loss.	1 January 2019	1 July 2019
AASB 2017-7	Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures	This Standard amends AASB 128 Investments in Associates and Joint Ventures to clarify that an entity is required to account for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture but to which the equity method is not applied, using AASB 9 Financial Instruments before applying the loss allocation and impairment requirements in AASB 128.	1 January 2019	1 July 2019
AASB 2018-1	Annual Improvements to IFRS Standards 2015-2017 Cycle***	The amendments clarify certain requirements in: ► AASB 3 Business Combinations and AASB 11 Joint Arrangements - previously held interest in a joint operation ► AASB 112 Income Taxes - income tax consequences of payments on financial instruments classified as equity ► AASB 123 Borrowing Costs - borrowing costs eligible for capitalisation.	1 January 2019	1 July 2019
AASB 2018-2	Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement	This Standards amends AASB 119 Employee Benefits to specific how an entity accounts for defined benefit plans when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments: ► Require entities to use the updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after such an event occurs ► Clarify that when such an event occurs, an entity recognises the past service cost or a gain or loss on settlement separately from its assessment of the asset ceiling.	1 January 2019	1 July 2019

Reference	Title	Summary	Application date of standard *	Application date for Group *
AASB Interpretation 23, and relevant amending standards	Uncertainty over Income Tax Treatments	The Interpretation clarifies the application of the recognition and measurement criteria in AASB 112 Income Taxes when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following: ► Whether an entity considers uncertain tax treatments separately ► The assumptions an entity makes about the examination of tax treatments by taxation authorities ► How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates ► How an entity considers changes in facts and circumstances.	1 January 2019	1 July 2019
Not yet issued by the AASB	Conceptual Framework for Financial Reporting ****, and relevant amending standards	The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters, as follows: ► Chapter 1 – The objective of financial reporting ► Chapter 2 – Qualitative characteristics of useful financial information ► Chapter 3 – Financial statements and the reporting entity ► Chapter 4 – The elements of financial statements ► Chapter 5 – Recognition and derecognition ► Chapter 6 – Measurement ► Chapter 7 – Presentation and disclosure ► Chapter 8 – Concepts of capital and capital maintenance Amendments to References to the Conceptual Framework in IFRS Standards has also been issued, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event. In addition, relief has been provided in applying IFRS 3 and developing accounting policies for regulatory account balances using IAS 8, such that entities must continue to apply the definitions of an asset and a liability (and supporting concepts) in the 2010 Conceptual Framework, and not the definitions in the revised Conceptual Framework.	1 January 2020	1 July 2020
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in AASB 3 Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. AASB 2015-10 deferred the mandatory effective date (application date) of AASB 2014-10 so that the amendments were required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2016. AASB 2017-5 further defers the effective date of the amendments made in AASB 2014-10 to periods beginning on or after 1 January 2022.*****	1 January 2022	1 July 2022

* Designates the beginning of the applicable annual reporting period unless otherwise stated.
** Early adoption is permitted provided that AASB 15 is applied on or before the date of initial application of AASB 16.
*** The IASB issued the mending Standard on 12 December 2017. As at the date of the issuance of this publication, the AASB are yet to issue the equivalent Australian Accounting Standard.
**** The IASB issued the revised conceptual framework on 29 March 2018. As at the date of this publication, the AASB are yet to issue the equivalent pronouncement.
***** In December 2015, the IASB postponed the effective date of the amendments indefinitely pending the outcome of its research project on the equity method of accounting.

The Group has not yet determined the likely impact of each of the above amendments, if any, on the Group.

Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

(d) Significant accounting policies

(i) Basis of consolidation

The consolidated financial statements comprise the financial statements of Deep Yellow Limited and its subsidiaries as at and for the period ended 30 June each year (the Group). Control is achieved when the Group is exposed, or has the rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (**OCI**) are attributed to the equity holders of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in ownership interest in a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(ii) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in the Group's normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in the Group's normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(iii) Foreign currency translation

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

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange prevailing at balance date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Exchange differences arising from these procedures are recognised in profit and loss for the year.

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate prevailing at the reporting date and their statements of profit or loss are translated at the average exchange rate for the year. The exchange differences arising on translation for consolidation purposes are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

(iv) 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, regardless of when the payment is being made. Revenue is measured at fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria below must also be met before revenue is recognised.

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.

(v) Income Tax

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

Deferred tax
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 substantively 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 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 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.

Tax consolidation

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

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

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

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

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

Measurement method adopted under UIG 1052 Tax Consolidated Accounting

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

Goods and services tax (GST)

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

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

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.

(vi) Property, plant and equipment

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

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

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

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

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance 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 (d)(ix)).

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

(vii) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

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 statement of comprehensive income as an integral part of the total lease expense.

(viii) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

(ix) Impairment of non-financial assets

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

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

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

(x) 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.

(xi) *Mineral exploration and evaluation expenditure*

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

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

A bi-annual 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.

(xii) Restoration and rehabilitation policy

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

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

(xiii) Joint arrangements

The Group has interests in joint arrangements that are joint operations. A joint operation is a type of joint arrangement whereby the parties have a contractual agreement to undertake an economic activity that is subject to joint control. A joint operation involves use of assets and other resources of the ventures rather than the establishment of a separate entity. The Company recognises its interest in the joint operations by recognising its interest in the assets and liabilities of the joint operation, including its share of any assets held any liabilities incurred jointly. The Group also recognises the expenses that it incurs and its share of the income that it earns from the sale of goods and services by the joint operations, including any expenses incurred and revenue received jointly. Details relating to the joint operations, are set out in Note 24.

(xiv) 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.

(xv) Provisions

General
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, 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 finance cost.

Wages, salaries and sick leave
Liabilities for wages and salaries, including non-monetary benefits, which are expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave and annual leave
The Group does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The Group recognises a liability for long service leave and annual leave 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 wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(xvi) Share based payments

Share based compensation payments are made available to Executive Directors and employees of the Group, whereby Executive Directors and employees render services in exchange for shares with an attached limited recourse loan or rights over shares.

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

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

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

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

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

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

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

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

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

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

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

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

(xvii) Issued 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.

(xviii) Trade and other receivables

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

(xix) Investments and other financial assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets at initial recognition.

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. The subsequent measurement of financial assets depends on their classification, described as follows:

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. The Group did not have any ‘financial assets at fair value through profit or loss’ during the years ended 30 June 2018 and 2017.

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. After initial measurement, held to maturity investments are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as finance costs. The Group did not have any held-to-maturity investments during the years ended 30 June 2018 and 2017.

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.

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. The Group did not have any available-for-sale investments during the years ended 30 June 2018 and 2017.

(xx) Financial liabilities

All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs. The Group’s financial liabilities include trade and other payables, bank overdrafts and loans and borrowings. The subsequent measurement of financial liabilities depends on their classification, described as follows:

Loans and borrowings
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of comprehensive income.

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts.
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

(xxi) Impairment of financial assets

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

(xxii) Business combinations

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

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

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

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

Note 2 Critical accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets and liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties include:

∗	Financial risk management objectives and policies	Note 16
∗	Sensitivity analysis disclosures	Note 16
∗	Capital management	Note 17

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Accounting for capitalised mineral exploration and evaluation expenditure
The Group's accounting policy is stated at Note 1(d)(xi). A regular review is undertaken of each Project Area to determine the reasonableness of the continuing carrying forward of costs in relation to that Project Area. In determining the costs to be carried forward, management makes assumptions regarding the Uranium resource multiple that should be used in calculating fair value of the expenditure to determine if costs can continue to be carried forward.

Factors that could impact the Uranium resource multiple and therefore the continuing carrying forward of costs include the status of resources and exploration targets, changes in legal frameworks and sovereign risk in the countries where the Group operates, changes to commodity prices and foreign exchange rates.

Share based payments
The Group's accounting policy is stated at Note 1(d)(xvi). The Group uses independent advisors to assist in valuing share based payments. Refer Note 14 for details of estimates and assumptions used.

Note 3 Information about subsidiaries

The consolidated financial statements of the Group include:

Name	Principal activities	Country of incorporation	Equity interest 2018	Equity interest 2017
Deep Yellow Namibia (Pty) Ltd	Investment	Mauritius	100	100
Superior Uranium Pty Ltd	Uranium exploration	Australia	100	100
Reptile Mineral Resources and Exploration (Pty) Ltd	Investment	Namibia	100	100
Reptile Uranium Namibia (Pty) Ltd	Uranium exploration	Namibia	100	100
Omahola Uranium (Pty) Ltd	Uranium exploration	Namibia	100	100
Nova Energy (Namibia)(Pty) Ltd	Uranium exploration	Namibia	65	65
Shiyela Iron (Pty) Ltd	Iron ore exploration	Namibia	95	95
Sand and Sea Property Number Twenty Four (Pty) Ltd	Property investment	Namibia	100	100
Tarquin Investments (Pty) Ltd	Property investment	Namibia	100	100
QE Investments (Pty) Ltd	Property investment	Namibia	100	100
Inca Mining (Pty) Ltd	Uranium exploration	Namibia	95	95
TRS Mining Namibia (Pty) Ltd	Uranium exploration	Namibia	95	95
Yellow Dune Uranium (Pty) Ltd	Uranium exploration	Namibia	85	85

Note 4 Segment information

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

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

The Group has identified its operating segments based on internal reports that are used by the executive management team in assessing performance and in determining the allocation of resources. The operating segments are identified based on country of operation as this is the area that has the most effect on allocation of resources. The Group conducts uranium exploration and pre-development activities in Namibia whilst Australia is responsible for capital raising and corporate activities together with supporting the Namibian operations. Mauritius as country of operation has been aggregated to form the reportable operating segment for Australia.

The following items and associated assets and liabilities are not allocated to operating segments as the underlying instruments are managed on a Group basis and are not considered as part of the core operations of both segments:

- Interest income.
- Research and development tax incentive.
- Foreign currency gains and losses.
- Liabilities are not allocated to the segments as they are not monitored by the executive management team on a segment by segment basis.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Note 4 Segment information (Cont'd)

	Australia $	Namibia $	Total $
Year Ended 30 June 2018			
Revenue and other income	**-**	**150,231**	**150,231**
Unallocated			
Interest income			**264,448**
Total revenue and other income			**414,679**
Expenses			
Impairment of capitalised mineral exploration and evaluation expenditure	**-**	**12,300**	**12,300**
Profit and Loss			
Pre-tax segment loss	**(2,436,964)**	**(383,834)**	**(2,820,798)**
Unallocated			
Interest income			**264,448**
Loss from continuing operations after income tax			**(2,556,350)**
Year Ended 30 June 2018			
Segment Assets			
Segment operating assets	**234,635**	**29,848,350**	**30,082,985**
Unallocated assets			
Cash			**10,690,253**
Receivables			**444,464**
Total assets			**41,217,702**
Total additions to non-current assets	**9,102**	**1,611,485**	**1,620,587**

	Australia $	Namibia $	Total $
Year Ended 30 June 2017			
Revenue and other income	6,000	44,521	50,521
Unallocated			
Interest income			44,612
Research and development tax incentive			216,896
Total revenue and other income			312,029
Expenses			
Impairment of capitalised mineral exploration and evaluation expenditure	(10,272)	(25,442,098)	(25,452,370)
Profit and Loss			
Pre-tax segment loss	(2,623,718)	(25,682,163)	(28,305,881)
Unallocated			
Interest income			44,612
Research and development tax incentive			216,896
Loss from continuing operations after income tax			(28,044,373)
Year Ended 30 June 2017			
Segment Assets			
Segment operating assets	197,200	28,717,264	28,914,464
Unallocated assets			
Cash			14,959,841
Receivables			443,115
Total assets			44,317,420
Total additions to non-current assets	30,298	1,372,658	1,402,956

Note 5 Revenue and other income

	Consolidated 2018 $	Consolidated 2017 $
a) Revenue		
Interest received and receivable	**264,448**	44,612
	264,448	44,612
b) Other income		
Gain on sale of non-current assets	**-**	6,000
Research and development tax incentive	**-**	216,896
Asset recharges and administration fee earned	**150,178**	44,491
Other	**53**	30
	150,231	267,417

Note 6 Expenses

	Consolidated 2018 $	Consolidated 2017 $
Loss before income tax includes the following specific expenses:		
Depreciation expense:		
Buildings	**25,778**	24,866
Office equipment and fittings	**28,673**	13,062
Motor vehicles	**2,530**	-
Site equipment	**20,088**	-
	77,069	37,928
Depreciation capitalised to mineral exploration and evaluation expenditure	**-**	3,990
Total depreciation and amortisation expense reflected in Note 10	**77,069**	41,918
Employee expenses:		
Wages, salaries and fees	**469,208**	875,516
Superannuation	**19,505**	37,771
Share based payments	**399,156**	497,497
Total employee expenses	**887,869**	1,410,784
Rental expenses on operating leases	**71,893**	58,880

Note 7 Income tax

The major components of income tax expense for the years ended 30 June 2018 and 30 June 2017 are:

	Consolidated 2018 $	Consolidated 2017 $
a) Income tax expense		
Current income tax:		
Current income tax charge/(benefit)	**-**	-
Adjustments in respect of current income tax of previous year	**-**	-
Deferred income tax:		
Relating to origination and reversal of timing differences	**(453,076)**	(534,448)
Under provision in prior year	**(71,478)**	(18,913)
Carry forward tax losses not brought to account	**524,554**	553,361
Income tax expense reported in the Statement of Comprehensive Income	**-**	-

Note 7 Income tax (Cont'd)

b) Reconciliation of income tax expense to prima facie tax payable

Loss before income tax expense	**(2,556,350)**	(28,044,373)
Tax at the Australian rate of 30% (2017: 30%)	**(766,905)**	(8,413,312)
Effect of tax rates in foreign jurisdictions*	**195,212**	152,717
Tax effect:		
Non-deductible share based payment	**109,294**	196,132
Other expenditure not deductible	**9,323**	21,839
Under provision in prior year	**(71,478)**	(18,913)
Non-assessable income: Research and development incentive	**-**	(65,069)
Carry forward tax losses and deductible temporary differences not brought to account	**524,554**	8,126,606
Tax expense	**-**	-

	Consolidated 2018 $	Consolidated 2017 $
c) Deferred tax – Statement of Financial Position		
Liabilities		
Prepayments	**4,521**	898
Accrued Income	**33,946**	-
	38,467	898
Assets		
Revenue losses available to offset against future taxable income	**13,114,761**	12,560,881
Accrued expenses	**24,093**	20,062
Deductible equity raising costs	**9,900**	9,378
Capitalised exploration and evaluation expenditure	**18,659,373**	18,655,683
Deferred tax assets not brought to account	**(31,769,660)**	(31,245,106)
	38,467	898
Net deferred tax asset/(liability)	**-**	-
d) Deferred tax – Statement of Comprehensive Income		
Liabilities		
Prepayments	**(3,623)**	(62)
Accrued Income	**(33,946)**	525
Assets		
Decrease in tax losses carried forward	**553,880**	553,361
Accruals	**4,031**	(27,314)
Deductible equity raising costs	**522**	(32,533)
Capitalised exploration expenses	**3,690**	7,632,629
Deferred tax assets not brought to account	**(524,554)**	(8,126,606)
Deferred tax expense/(benefit)	**-**	-

e) Unrecognised temporary differences
At 30 June 2018, there are temporary differences to the value of $18,659,373 in relation to capitalised exploration and evaluation expenditure associated with subsidiaries. It represents a deferred tax asset which would be realised once the subsidiary is in a tax paying position. (2017: $18,655,683).

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

Note 8 Current assets - Cash and short term deposits

	Consolidated	
	2018	2017
	$	$
Cash at bank and on hand	**4,690,253**	14,959,841
Deposits	**6,000,000**	-
	10,690,253	14,959,841

The carrying amounts of cash and cash equivalents represent fair value. See Note 15 for the Group's fair value disclosures.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Deposits are made for varying periods of between three and twelve months, depending on the immediate cash requirements of the Group and earn interest at the respective deposit rates.

Cash flow reconciliation:

	Consolidated	
	2018	2017
		$
Loss after income tax	**(2,556,350)**	(28,044,373)
Depreciation and amortisation	**77,069**	37,928
Loss on sale of non-current assets	**18,459**	-
Impairment of capitalised mineral exploration and evaluation expenditure	**12,300**	25,452,370
Share based payments expense	**399,156**	497,497
Change in operating assets and liabilities:		
Increase in receivables	**(22,728)**	(78,092)
(Decrease)/Increase in payables	**(1,800)**	473,805
Net cash flows used in operating activities	**(2,073,894)**	(1,660,865)

Non-cash financing and investing activities

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

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

	Consolidated	
	2018	2017
	$	$
a) Receivables		
GST recoverable	**116,984**	218,673
Other receivables	**327,480**	224,442
	444,464	443,115
b) Other assets		
Tenement and property bonds	**100,852**	123,042
Prepayments	**123,214**	62,107
	224,066	185,149

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

Note 10 Non-current assets – Property, plant and equipment

	Consolidated 2018 $	Consolidated 2017 $
Buildings		
At cost	**463,592**	466,838
Accumulated depreciation	**(251,519)**	(227,284)
	212,073	239,554
Office equipment and fittings		
At cost	**321,951**	268,188
Accumulated depreciation	**(216,195)**	(188,498)
	105,756	79,690
Motor vehicles		
At cost	**129,158**	115,236
Accumulated depreciation	**(56,696)**	(54,318)
	72,462	60,918
Site equipment		
At cost	**358,644**	317,718
Accumulated depreciation	**(169,077)**	(150,083)
	189,567	167,635
	579,858	547,797
Reconciliation		
Buildings		
Net book value at start of the year	**239,554**	239,857
Exchange adjustment	**(1,703)**	24,563
Depreciation	**(25,778)**	(24,866)
Net book value at end of the year	**212,073**	239,554
Office equipment and fittings		
Net book value at start of the year	**79,690**	32,693
Exchange adjustment	**387**	2,267
Additions	**64,570**	57,792
Disposals	**(10,218)**	-
Depreciation	**(28,673)**	(13,062)
Net book value at end of the year	**105,756**	79,690
Motor vehicles		
Net book value at start of the year	**60,918**	55,321
Exchange adjustment	**(674)**	5,597
Additions	**14,748**	-
Depreciation	**(2,530)**	-
Net book value at end of the year	**72,462**	60,918
Site equipment		
Net book value at start of the year	**167,635**	114,736
Exchange adjustment	**(1,177)**	11,656
Additions	**50,509**	45,233
Disposals	**(7,312)**	-
Depreciation	**(20,088)**	(3,990)
Net book value at end of the year	**189,567**	167,635

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

Note 11 Non-current assets – Capitalised mineral exploration and evaluation expenditure

	Consolidated	
	2018	2017
	$	$
In the exploration and evaluation phase		
Cost brought forward	**28,181,518**	49,039,393
Exploration expenditure incurred during the year at cost	**1,490,760**	1,299,931
Exchange adjustment	**(380,917)**	3,294,564
Impairment of capitalised mineral exploration and evaluation expenditure	**(12,300)**	(25,452,370)
Cost carried forward	**29,279,061**	28,181,518

Impairment of capitalised mineral exploration and evaluation expenditure relates to assets for which the expenditure are not expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale.

The fair value of the Group's capitalised mineral exploration and evaluation assets at 30 June 2018 has been determined based on comparable market transactions. The fair value methodology adopted at 30 June 2018 is categorised as Level 3 in the fair value hierarchy. In determining the fair value less cost to dispose (FVLCD), estimates are made in relation to the underlying resources and the uranium valuation multiple. Any changes in these estimates could impact the FVLCD of the underlying asset.

In determining the fair value of the project, to assess whether any further impairment write-downs or reversals of impairment are required the Board took into consideration current and forecast uranium spot and term prices, which based on current forecasts are expected to remain depressed until the early 2020s.

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

	Consolidated	
	2018	**2017**
	$	**$**
Namibia	**29,279,061**	28,181,518
Cost carried forward	**29,279,061**	28,181,518

Note 12 Current liabilities – Trade and other payables

	Consolidated	
	2018	**2017**
	$	**$**
Trade payables and accruals	**302,321**	498,518
Other payables	**30,460**	69,577
Employee leave liabilities	**98,980**	44,830
	431,761	612,925

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

Details of the Group's exposure to interest rate risk and fair value in respect of its liabilities are set out in Note 16. There are no secured liabilities as at 30 June 2018.

Note 13 Issued capital and reserves

		Consolidated		Consolidated	
		2018	2017	**2018**	2017
		No.	No.	**$**	$
a) Share capital					
Issued and fully paid share capital		**185,540,276**	185,047,376	**238,722,162**	239,065,259
b) Share movements during the year	*Issue price (cents)*				
At the beginning of the year		**190,047,376**	1,947,777,004	**239,065,259**	222,055,441
Issued on vesting of performance rights		**492,900**	18,395,500	**146,119**	192,530
Issued in lieu of salaries and fees		**-**	15,607,792	**-**	156,278
Issued under Loan Share Plan *		**4,050,000**	100,000,000	**-**	-
Issued under capital raising	0.4-0.44	**-**	509,798,376	**-**	2,167,853
Share consolidation on a 1:20 basis		**-**	(2,462,000,914)	**-**	-
Issued under capital raising	25	**-**	60,469,618	**-**	15,117,405
Less: costs related to shares issued/to be issued	-	**-**	-	**(489,216)**	(624,248)
At the end of the year		**194,590,276**	190,047,376	**238,722,162**	239,065,259

*Shares issued under the Loan Share Plan to the Managing Director and Executive Director and subject to long term performance conditions and repayment of limited recourse loan made to the participant to purchase the shares. The shares may not be traded until the shares have vested, any imposed dealing restrictions have ended and the limited recourse loan in respect to those shares has been paid in full.

c) Ordinary shares
The holding company, Deep Yellow Limited, is incorporated in Perth, Western Australia.

The holding company's shares are limited and 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.

d) Other reserves

		Consolidated	
2018	**Accumulated losses** $	**Employee equity benefits' reserve (i)** $	**Foreign Currency Translation Reserve (ii)** $
Balance at 1 July 2017	**(189,770,518)**	**10,774,425**	**(16,364,671)**
Loss for year	**(2,556,350)**	-	-
Transfer to issued capital in respect of Performance Rights vested	**-**	**(146,119)**	-
Recognition of share based payments	**-**	**457,837**	-
Movement for the year	**-**	**-**	**(330,825)**
Balance at 30 June 2018	**(192,326,868)**	**11,086,143**	**(16,695,496)**

Note 13 Issued capital and reserves (Cont'd)

2017	Accumulated losses $	Consolidated Employee equity benefits' reserve (i) $	Foreign Currency Translation Reserve (ii) $
Balance at 1 July 2016	(161,726,145)	10,442,849	(19,829,289)
Loss for year	(28,044,373)	-	-
Transfer to issued capital in respect of Performance Rights vested	-	(192,530)	-
Recognition of share based payments	-	524,106	-
Movement for the year	-	-	3,464,618
Balance at 30 June 2017	(189,770,518)	10,774,425	(16,364,671)

(i) Employee equity benefits reserve
The previous Option Plan was replaced by an Awards Plan which allows the offer of either Options or Performance Rights. Options over unissued shares are issued and Performance Rights are granted at the discretion of the Board. Information relating to Options issued and Performance Rights granted are set out in Note 14.

The Group has a Loan Share Plan which allows the offer of Loan Plan Shares to qualifying employees and/or consultants. Loan Plan Shares are issued at the discretion of the Board. Information relating to Loan Plan Shares are set out in Note 14.

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

Note 14 Share based payment plans

a) Types of share based payments

Performance Rights
Under the Awards Plan Performance Rights can be granted to Executives and other qualifying employees in order to align remuneration with shareholder wealth over the long-term and assist in attracting and retaining talented employees. These are granted for no consideration and each right upon vesting entitles the holder to one fully paid ordinary share in the capital of the Company if certain time and market price measures are met in the measurement period.

During the year the Group has reassessed the criteria for participation in its share based incentive plan and updated its Awards Plan which administers the operation of Options and Performance Rights as long term incentives. It therefore continued to issue Performance Rights to employees in the 2018 financial year which were subject to a combination of vesting conditions:

- **Time-based** conditions which prescribe a period of time that the employee must stay employed by the Company prior to automatic vesting.
- **Market price** condition measures the increase in share price of the Company. Performance Rights subject to the Market Price Condition will vest if, at the end of the measurement period, the share price of the Company has reached a pre-determined market price.

If at any time prior to the Vesting Date an employee voluntarily resigns from employment with the Group or is terminated, the Performance Rights automatically lapse and are forfeited, subject to the discretion of the Board. The Board can at any time make a determination, including amended vesting conditions, that Performance Rights for which performance hurdles have not been met, continue as Unvested Performance Rights. They will lapse, if they have not already lapsed or vested for any other reason, 15 (fifteen) years after the date of grant.

Note 14 Share based payment plans (Cont'd)

Loan Plan Shares

During the 2018 financial year shares were granted to the Managing Director, Executive Director, Employees and Contractors under the Deep Yellow Limited Loan Share Plan (**Loan Share Plan**). The Loan Share Plan rewards and incentivises employees (including Directors who are employees of the Company) and contractors (Participant), where shareholder approval has been granted (if required), through an arrangement where Participants are offered shares subject to long term performance conditions. The shares are offered at market value such that the incentive is linked to the increase in value over and above the purchase price and so aligns the Participants to the risks and rewards of a shareholder. The purchase price payable by the Participant for the ordinary shares is lent to the Participant under an interest free limited recourse loan, with the loan secured against the shares. A Participant may not trade shares acquired under the Loan Share Plan until the shares have vested, any imposed dealing restrictions have ended and the limited recourse loan in respect to those shares has been paid in full. For so long as there is an outstanding loan balance, the Participant irrevocably and unconditionally directs the Company to withhold all after tax dividends in respect of the Participants Loan Plans Shares and apply all amounts so withheld in repayment of the outstanding loan balance. The loan can be repaid at any time, however to avoid compulsory divestment of Loan Plan Shares, the loan must be repaid on the earlier of 10 years after the issuance of the shares and the occurrence of:

a) in the case of vested shares, the date being 12 months after cessation of employment or service contract for any reason; or
b) pre-determined occurrences as per the Loan Share Plan including but not limited to a Control Event or material breach by the Participant.

The shares vest if certain Company share price targets are met and the holder of the awards remains employed with the Company during the measurement period. If these conditions are not met the shares are forfeited and the forfeited shares are treated as full consideration for the repayment of the loan. The fair value at grant date is estimated using a Black Scholes option pricing model for shares with non-market based vesting conditions and a Monte-Carlo model for those with market based vesting conditions.

b) Summaries of Performance Rights and Loan Plan Shares granted

The table below illustrates the number (No.) and weighted average exercise price (WAEP) of, and movements in, Loan Plan Shares during the year:

	2018 No.	2018 WAEP (cents)	2017 No.	2017 WAEP (cents)
Outstanding at the start of the year	**5,000,000**	**22.0**	-	-
Granted during the year	**4,050,000**	**32.4**	100,000,000	1.1
Forfeited during the year	**-**	**-**	-	-
Expired during the year	**-**	**-**	-	-
Exercised during the year	**-**	**-**	-	-
Reduction due to share capital consolidation	**-**	**-**	(95,000,000)	1.1
Outstanding at the end of the year	**9,050,000**	**25.2**	5,000,000	22.0

The table below illustrates the number (No.) and movements in Performance Rights during the year:

	2018 No.	2017 No.
Outstanding at the start of the year	**709,250**	61,821,000
Granted during the year	**740,709**	-
Forfeited during the year	**(29,250)**	(25,000,000)
Expired during the year	**(89,875)**	(4,240,500)
Exercised during the year	**(492,900)**	(18,395,500)
Reduction due to share capital consolidation	**-**	(13,475,750)
Outstanding at the end of the year	**837,934**	709,250

c) Summaries of Loan Plan Shares exercised during the year

No Loan Plan Shares were exercised during the year. The limited recourse loans outstanding in relation to Loan Plan Shares at 30 June 2018 was $2,297,000 (2017: $1,100,000). 4,050,000 Loan Plan Shares were granted and 900,000 (post-consolidation) vested during the year.

Note 14 Share based payment plans (Cont'd)

d) Weighted average remaining contractual life

The Loan Plan Shares outstanding at the end of the year have exercise prices between 22.0 and 32.4 cents. The weighted average remaining contractual life for the limited recourse loans outstanding in relation to Loan Plan Shares at 30 June 2018 is 8.96 years (2017: 9.42 years)

The weighted average remaining contractual life for the Rights outstanding as at 30 June 2018 is 8.21 months (2017: 5.90 months).

e) Recognised share based payment expenses

The expense recognised for employee services during the year, arising from equity-settled share based payment transactions in the form of Performance Rights and Loan Plan Shares are shown in the table below:

	Consolidated	
	2018	2017
	$	$
Amount recognised as employee expenses in the Consolidated Statement of Comprehensive Income	**399,156**	497,497
Amount recognised as capitalised mineral exploration and evaluation expenditure	**58,680**	26,653
	457,836	524,150

There have been no modifications to share-based payment arrangements during the 2018 financial year.

Subsequent to the reporting date and prior to signing this report 211,750 Performance Rights vested and 121,000 Performance Rights expired.

f) Performance Rights and Loan Plan Shares pricing models

The fair value of the Performance Rights and Loan Plan Shares granted under their respective plans are estimated as at the grant date.

The following tables lists the inputs to the models used for the years ended 30 June 2018 and 30 June 2017.

	Grants		
	2018		2017
	Loan Plan Shares		
	6 Dec 17	30 Apr 18	1 Dec 16
Pricing model	Black Scholes (i) Monte-Carlo simulation using hybrid pricing model (ii)	Black Scholes (i) Monte-Carlo simulation using hybrid pricing mode (ii)	Black Scholes (i) Monte-Carlo simulation using hybrid pricing model (ii)
Dividend yield (%)	Zero	Zero	Zero
Expected volatility (%)	125	105	110
Risk-free interest rate (%)	2.51	2.77	2.73
Expected repayment term of limited recourse loan in relation to loan plan shares (years)	10	10	10
Closing share price at grant date (cents)	31.0	25.5	22
Fair value per right at grant date (cents)			
- Time based vesting conditions	29.7	23.3	20.0
- Time and market price vesting conditions	19.5-22.7	12.1-14.2	12.0-14.0

The expected life of the limited recourse loan in relation to Loan Plan Shares is based on current expectations and is not necessarily indicative of repayment patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the rights and repayment term of the limited recourse loan in relation to the Loan Plan Shares is indicative of future trends, which may not necessarily be the actual outcome.

Note 14 Share based payment plans (Cont'd)

	Grants 2018 Performance Rights 26 Jun 18	Grants 2018 Performance Rights 30 Apr 18	Grants 2018 Performance Rights 14 Dec 17
Pricing model	Black Scholes (i)	Black Scholes (i) Monte-Carlo simulation using hybrid pricing mode (ii)	Black Scholes (i)
Dividend yield (%)	Zero	Zero	Zero
Expected volatility (%)	-	105	-
Risk-free interest rate (%)	-	2.05	-
Expected life of rights / repayment term of limited recourse loan in relation to loan plan shares (years)	15	15	15
Closing share price at grant date (cents)	30.5	25.5	33.0
Fair value per right at grant date (cents)			
∗ Time based vesting conditions	30.5	25.5	33.0
∗ Time and market price vesting conditions	N/A	12.5	N/A

(i) Share based payments subject to non-market based vesting conditions
(ii) Share based payments subject to market based vesting conditions

Note 15 Fair value measurement

Set out below is a comparison, by class of the carrying amounts shown in the Statement of Financial Position and fair value of the Group's financial instruments:

Consolidated	2018 Carrying amount $	2018 Fair value $	2017 Carrying amount $	2017 Fair value $
Cash and cash equivalents	**10,690,253**	**10,690,253**	14,959,841	14,959,841
Trade and other receivables	**444,464**	**444,464**	443,115	443,115
Trade and other payables	**(431,761)**	**(431,761)**	(612,925)	(612,925)
	10,702,956	**10,702,956**	14,790,031	14,790,031

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

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

Note 16 Financial instruments risk management objectives and policies

Financial assets

The Group's principal financial assets include trade and other receivables and cash and short-term deposits that originate from its operations.

Financial liabilities

The Group's principal financial liabilities comprise of trade and other payables. The main purpose of these financial liabilities is to finance and support the Group's operations.

The Group is exposed to a variety of risks arising from its use of financial instruments which are summarised below. This note presents information about the Group's exposure to the specific risks, and the policies and processes for measuring and managing those risks. The Board has the overall responsibility for the risk management framework while senior management oversees the management of these risks.

Note 16 Financial instruments risk management objectives and policies (Cont'd)

Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate, currency and other price risk, such as equity price risk and commodity risk. The Group is only exposed to interest rate and currency risk. The financial instrument affected by market risk is deposits.

The sensitivity analyses in the following sections relate to the position as at 30 June 2018 and 30 June 2017.

(a) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group has cash assets which may be susceptible to fluctuations in changes in interest rates. Whilst the Group requires the cash assets to be sufficiently liquid to cover any planned or unforeseen future expenditure, which prevents the cash assets being committed to long term fixed interest arrangements; the Group does mitigate potential interest rate risk by entering into short to medium term fixed interest deposits. The Group does not employ interest rate swaps or enter into any other hedging activity with regards to its interest bearing investments.

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

	Consolidated	
	2018 $	2017 $
Cash in bank	**4,690,253**	14,959,841
Other short-term bank deposits	**6,000,000**	-
	10,690,253	14,959,841

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

	Profit and Loss		Other Comprehensive Income	
	1% Increase	1% Decrease	1% increase	1% Decrease
30 June 2018				
Cash and cash equivalents	**106,902**	**106,902**	**-**	**-**
30 June 2017				
Cash and cash equivalents	149,598	(149,598)	-	-

(b) Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Financial assets in overseas Group companies are not generally material in the context of financial instruments entered into by the Group as a whole, as they generally relate to funds advanced to fund short term exploration and administration activities of the overseas operations. Once the funds are expended they are no longer classified as financial assets. Advancing of funds to overseas operations on a needs basis, is an effective method for the management of currency risk. The Group's investments in overseas subsidiary companies are not hedged as they are considered to be long term in nature.

As a result of significant investment in Namibia, the Group's Statement of Financial Position can be affected by movements in the Namibian dollar/Australian dollar/US dollar exchange rates. The Group does not consider there to be a significant exposure to the Namibian dollar or US dollar as they represent the functional currencies of controlled entities.

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from transactions with customers and investments. The Group is exposed to credit risk from its operating activities and from its financing activities, including deposits with banks and foreign exchange transactions.

Note 16 Financial instruments risk management objectives and policies (Cont'd)

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

(b) Cash at bank
Credit risk from balances with banks and financial institutions is managed by the Group Financial Controller and reviewed by the Board. Investments of surplus funds are made only with approved counterparties. The Group's primary banker is Westpac Banking Corporation Limited ("Westpac"). At reporting date all current accounts are with this bank, other than funds transferred to Namibia to meet the working capital needs of the controlled entity, Reptile Mineral Resources and Exploration (Pty) Ltd. The cash needs of the controlled entity's operations are monitored by the parent company and funds are advanced to the Namibian operations as required.

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

(c) Deposits at call
In addition the Group has cash assets on deposit with Westpac. The Board considers this financial institution, which have a short-term credit rating of A-1+ and long term rating of AA- from Standard & Poor's, to be appropriate for the management of credit risk with regards to funds on deposit.

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

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

	Consolidated	
	2018	2017
	$	$
Cash and cash equivalents	**4,690,253**	14,959,841
Other short-term bank deposits	**6,000,000**	-
Other receivables	**444,464**	443,115
	11,134,717	15,402,956

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's only liabilities are short term trade and other payables.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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

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

The Group's trade and other payables of $431,761 (2017: $612,925) are settled on 30 day trading terms.

Note 17 Capital management

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

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

Note 17 Capital management (Cont'd)

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

Unissued shares under option

The outstanding balance of unissued ordinary shares under option at date of this report is:

Number	Exercise price (cents)	Grant date	Expiry date
30,414,142	50.0	6-Jun-17	1-Jun-22
32,055,476	50.0	16-Jun-17	1-Jun-22
62,469,618			

*The expiry date could be accelerated 22 ASX Business Days after **Notification Date.** The **Notification Date** means the date (being any date within 5 ASX Business Days of the **Acceleration Trigger Date**) on which Option holders are notified of the Acceleration Trigger Date" with such notification to be released on the Exchange. The **Acceleration Trigger Date** means that date, that the closing price of the Shares on ASX is higher than A$0.78 for any 20 consecutive ASX Business Day period, then on the 20th consecutive ASX Business Day of any such period.

Each option entitles the holder to one fully paid ordinary share in the Company at any time up to expiry date. No shares have been issued during the financial year as a result of the exercise of options.

Note 18 Dividends

No dividends were paid or proposed during the financial year (2017: Nil).

The Company has no franking credits available as at 30 June 2018 (2017: Nil).

Note 19 Key Management Personnel disclosures

Compensation of Key Management Personnel

	Consolidated	
	2018	2017
	$	$
Short-term employee benefits	**1,009,786**	1,097,822
Post employment benefits	**9,977**	41,983
Termination	**-**	215,263
Share based payment	**332,003**	619,277
Total compensation paid to Key Management Personnel	**1,351,766**	1,974,345

The amounts disclosed in the table are the amounts recognised as a cost during the reporting period related to Key Management Personnel.

Other transactions with Key Management Personnel

Scomac Management Services Pty Ltd as trustee for the Scomac Unit Trust ("Scomac" or "Consultant") has been appointed on a non-exclusive basis to provide the Group with management, strategic, technical and geological expertise and services through the Consultant personnel they employ or have access to ("Scomac agreement"). Mr Borshoff has a financial interest in Scomac.

During the year ended 30 June 2018 Scomac billed the Company $707,169, inclusive of GST and on-costs (2017 $417,050), for technical and geological services (excluding Mr Borshoff) on normal commercial terms and conditions. These amounts are not included in the remuneration tables above. Fees paid to Scomac in relation to services provided by Mr Borshoff as Managing Director are detailed in section 6(a). No amount was outstanding at 30 June 2018 (2017 Nil). The amount for other services was recognised as non-current asset: capitalised mineral exploration and evaluation expenditure.

There were no other transactions with any Director or Key Management Personnel or any of their related entities during the reporting period.

Note 20 Remuneration of auditors

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

	Consolidated	
	2018	2017
	$	$
Amounts received or due and receivable by Ernst & Young for:		
Audit or review of the financial report of the entity and any other entity in the Consolidated Group	**71,198**	62,693
Taxation and other services in relation to the entity and any other entity in the Consolidated Group	**-**	1,061
	71,198	63,754

Note 21 Commitments and contingencies

(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 programs and priorities and may be reduced by the surrendering of tenements. 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. As at balance date, the Group has no outstanding commitment for exploration expenditure.

(b) Operating lease commitments

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

	Consolidated	
	2018	2017
	$	$
Within one year	**200,456**	146,515
Later than one year but not later than five years	**677,505**	703,089
	877,961	849,604

(c) Contractual commitments

There are no contracted commitments other than those disclosed above.

(d) Contingent liabilities

There were no material contingent liabilities as at 30 June 2018.

Note 22 Related party transactions

There were no related party transactions during the year other than those disclosed in Note 19 on Key Management Personnel.

Note 23 Parent Entity Information

Information relating to Deep Yellow Limited:	2018 $	2017 $
Current assets	**10,562,852**	14,775,436
Total assets	**43,564,321**	45,665,789
Current liabilities	**272,716**	438,031
Total liabilities	**272,716**	438,031
Issued capital	**238,722,162**	239,065,259
Accumulated losses	**(203,835,799)**	(201,931,026)
Equity compensation reserve	**11,086,141**	10,774,424
Total shareholders' equity	**43,291,606**	45,227,758
Loss of the parent entity	**(1,904,773)**	(30,911,316)
Total comprehensive loss of the parent entity	**(2,235,598)**	(27,446,699)

Contingent liabilities of the parent entity

Deep Yellow Limited has entered into a Subordination Agreement on 31 March 2017. The agreement has been updated after balance date on 21 August 2018. The effect of the agreement is that Deep Yellow Limited has agreed to assist Reptile Uranium Namibia (Pty) Ltd, a Namibian subsidiary, by subordinating subject to certain terms and conditions, its non-current claims against Reptile Uranium Namibia (Pty) Ltd and in favour and for the benefit of other creditors of Reptile Uranium Namibia (Pty) Ltd.

Note 24 Interests in joint operations

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

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

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

* On 22 January 2013 the Company announced the execution of a Heads of Agreement with Epangelo Mining Company (Pty) Ltd (**Epangelo**) to progress the Aussinanis project (**Aussinanis**) in Namibia. Epangelo, a private company owned by the Government of the Republic of Namibia has acquired 5% of Aussinanis by funding testwork. Epangelo can earn up to 50% of the project by funding the Project through to a bankable feasibility study.

Note 25 Events occurring after balance date

No events occurred after balance date.

Note 26 Earnings per share (EPS)

Basic earnings per share
Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary 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.

Diluted earnings per share
Diluted earnings per share is calculated by dividing the net profit attributable to ordinary 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 plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Diluted EPS is the same as basic EPS in 2018 and 2017 as the Group is in a loss position.

The following reflects the income and share data used in the basic and diluted EPS computations:

	Consolidated	
	2018	2017
	$	$
a) Loss attributable to ordinary equity holders of the Company		
• Continuing operations	**2,556,350**	28,044,373
b) Weighted average number of ordinary shares for basic and diluted EPS	**190,372,205**	124,574,555

c) Information concerning the classification of securities

Performance Rights
Performance Rights granted that are subject to market price and other performance vesting conditions that had not vested at the reporting date are considered to be contingently issuable shares. There are 837,934 instruments excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are anti-dilutive for either of the periods presented. These shares have not been included in the determination of basic earnings per share.

211,750 shares were issued on 2 July 2018 following the vesting of Performance Rights. This would not have a significant impact on the number of ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

Unissued shares under option
Options that were granted and had not vested at the reporting date are considered to be contingently issuable shares. There are 62,469,618 instruments excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are anti-dilutive for either of the periods presented. These shares have not been included in the determination of basic earnings per share.

Loan Plan Shares
The weighted average number of ordinary shares includes 7,250,000 Loan Plan Shares that were issued under the Loan Share Plan and are subject to long term performance conditions. Details of the current year's issue of 2,250,000 Loan Plan Shares are provided in Note 14.

DIRECTORS' DECLARATION

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

1. In the opinion of the Directors:

(a) the financial statements and notes of the consolidated entity for the financial year ended 30 June 2018 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the year ended on that date;

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1; and

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

2. This declaration has been made after receiving the declarations to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2018.

On behalf of the Board

John Borshoff
Managing Director
18th day of September 2018

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

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

Report on the audit of the financial report

Opinion

We have audited the financial report of Deep Yellow Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2018 and of its consolidated financial performance for the year ended on that date; and

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

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Building a better working world

1. Carrying value of capitalised mineral exploration and evaluation expenditure

Why significant	How our audit addressed the key audit matter
The carrying value of capitalised mineral exploration and evaluation expenditure is assessed for impairment when facts and circumstances indicate that capitalised mineral exploration and evaluation expenditure for an area of interest may exceed its recoverable amount. Previously recognised impairment write-downs on capitalised mineral exploration and evaluation expenditure is also required to be assessed for reversals of impairment. The determination as to whether there are any indicators to require capitalised mineral exploration and evaluation expenditure for an area of interest to be assessed for impairment involves a number of judgments. This includes whether the Group will be able to maintain tenure, undertake ongoing exploration and evaluation activities and if there is sufficient information for a decision to be made that the carrying amount of capitalised mineral exploration and evaluation expenditure is unlikely to be recovered in full from successful development and exploitation or by sale. Refer to Note 11 for the capitalised mineral exploration and evaluation expenditure amount recognised on the consolidated statement of financial position as at 30 June 2018 and related disclosures.	We evaluated the Group's indicator of impairment assessment for each area of interest that had capitalised mineral exploration and evaluation expenditure at 30 June 2018 and the Group's assessment as to whether any previously recognised impairment should be reversed. In obtaining sufficient audit evidence, we: ▶ considered the Group's right to explore which included obtaining and assessing supporting documentation such as license agreements and correspondence with relevant government agencies; ▶ understood whether the Group had made an assessment that technical and commercial viability of extracting mineral resources had been demonstrated in considering whether it was appropriate to continue to classify the capitalised mineral exploration and evaluation expenditure as an exploration and evaluation asset; and ▶ considered whether any previous impairment write-downs should be reversed taking into consideration the current operating environment and comparable market transactions of similar type of assets. We also assessed the adequacy of the disclosures in Notes 2 and 11.

Building a better working world

2. Share based payments – share options

Why significant	How our audit addressed the key audit matter
In the current year the Group granted share based payment awards in the form of loan plan shares and performance share rights (both valued as share options). The awards vest subject to the achievement of certain vesting conditions. Due to the complex and judgmental estimates used in determining the valuation of the share based payments and vesting expense, we considered the Group's calculation of the share based payment expense to be a key audit matter. In determining the fair value of the awards and related expense the Group uses assumptions in respect of future market and economic conditions. The Group used the Black Scholes and Monte Carlo Simulation models in valuing the share-based payment awards. Refer to Note 14 to the financial report for the share based payment expenses recognised for the year ended 30 June 2018 and related disclosures.	For awards granted during the year, in performing our audit procedures we: ▶ assessed the third party expert engaged by the Group for the purposes of performing an independent actuarial valuation on the awards that have share price target vesting conditions. This included assessing the independence and capability of the third party expert; and ▶ involved our valuation specialists to assess the assumptions used in the Group's calculation, being the share price of the underlying equity, interest rate, volatility, dividend yield, time to maturity (expected life) and grant date. We also assessed the adequacy of the disclosures in Note 14.

Information other than the financial report and auditor's report

The Directors are responsible for the other information. The other information comprises the information in the Group's Annual Report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the financial report

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

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included the Directors' Report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Deep Yellow Limited for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

R Kirkby
Partner
Perth
18 September 2018

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 10 September 2018.

A. Distribution of Equity Securities

Ordinary share capital

194,802,027 fully paid ordinary shares are held by 6,767 individual shareholders

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. All issued ordinary shares carry the rights to dividends.

Options

62,469,618 options are held by 427 individual option holders with each option having an exercise price of $0.50 and expiring on the earlier of:

(i) 1 June 2022; and
(ii) 22 ASX Business Days after the **Notification Date**

The **Notification Date** means the date (being any date within 5 ASX Business Days of the **Acceleration Trigger Date**) on which Option holders are notified of the Acceleration Trigger Date" with such notification to be released on the Exchange.

The **Acceleration Trigger Date** means that date, that the closing price of the Shares on ASX is higher than A$0.78 for any 20 consecutive ASX Business Day period, then on the 20th consecutive ASX Business Day of any such period.

Options do not carry a right to vote.

The number of shareholders, by size of holding, in each class are:

Distribution	Fully paid ordinary shares	Options
1 – 1,000	3,381	88
1,001 – 5,000	1,914	149
5,001 – 10,000	475	43
10,001- 100,000	859	104
More than 100,000	138	43
Totals	**6,767**	**427**
Holding less than a marketable parcel	3,494	234

B. Substantial Shareholders

Substantial Shareholders (who hold 5% or more of the issued capital) is set out below:

Shareholder Name	Issued Ordinary Shares	
	Number	Percentage
EXPLORATION CAPITAL PARTNERS 2014 LIMITED PARTNERSHIP	30,198,645	15.50
COLLINES INVESTMENTS LTD	19,680,294	10.10

C. Twenty Largest Shareholders

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

Shareholder Name	Ordinary Shares	
	Number	Percentage
CITICORP NOMINEES PTY LIMITED	50,793,140	26.07
J P MORGAN NOMINEES AUSTRALIA LIMITED	35,780,880	18.37
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	16,716,521	8.58
MR JOHN BORSHOFF	6,500,000	3.34
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	4,446,937	2.28
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	3,789,036	1.95
MS GILLIAN SWABY	3,107,182	1.60
ELEGANT WORLD PTY LTD <M I T PARTNERS A/C>	2,500,000	1.28
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	1,563,198	0.80
BNP PARIBAS NOMS PTY LTD <DRP>	1,352,650	0.69
MR MERVYN PATRICK GREENE	1,296,858	0.67
MS MEI-LING FU	1,065,950	0.55
TIERRA DE SUENOS SA	870,566	0.45
MR ED BECKER	700,000	0.36
MRS CATHERINE JANINE DENTRINOS + MR NICKOLAS DENTRINOS	660,000	0.34
MR ZACCARIA ROSSI + MRS THELMA ROSSI	638,639	0.33
MR MARK PITTS	576,264	0.30
MR BRENDON TONY DUNSTAN	516,949	0.27
MRS HEATHER JOY BUCHANAN	500,837	0.26
MR CHING YAO LIN	500,000	0.26
Totals	**133,875,607**	**68.72**

D. Twenty Largest Option Holders

The names of the twenty largest holders of options are listed below:

Option Holder Name	Options	
	Number	Percentage
CITICORP NOMINEES PTY LIMITED	33,471,345	53.58
J P MORGAN NOMINEES AUSTRALIA LIMITED	7,660,110	12.26
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	4,050,196	6.48
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,539,357	2.46
MS MEI-LING FU	1,000,000	1.60
MR ANTHONY HARNETT	1,000,000	1.60
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	1,000,000	1.60
MRS CATHERINE JANINE DENTRINOS + MR NICKOLAS DENTRINOS	800,000	1.28
MR MICHAEL FRANCIS MCMAHON + MRS SUSAN LESLEY MCMAHON <MCMAHON SUPER A/C>	680,428	1.09
MR MICHAEL REX HUNT	420,000	0.67
MR KELVINDER SINGH	370,000	0.59
HALIFAX SOLUTIONS LIMITED	358,671	0.57
MR POH SENG TAN	320,000	0.51
MONEX BOOM SECURITIES (HK) LTD <CLIENTS ACCOUNT>	272,281	0.44
MR BENJAMIN PETER GRILLS <GRILLSCORP INVESTMENT A/C>	258,738	0.41
ATLANTIS MG PTY LTD <MG FAMILY A/C>	250,000	0.40
MGL CORP PTY LTD	250,000	0.40
MR JOHN LESLIE HAYWARD	250,000	0.40
GECKO RESOURCES PTY LTD	210,000	0.34
MR BENJAMIN PETER GRILLS + MRS JESSICA LEE NAY-GRILLS <GRILLSCORP O VIEWS S/F A/C>	200,060	0.33
Totals	**54,361,186**	**87.02**

E. Restricted Securities

As at 30 June 2018 there were no restricted securities.

SCHEDULE OF MINERAL TENURE

As at 10 September 2018

NAMIBIA

Number	Name	Interest	Expiry Date	JV Parties	Approx. Area (km^2)
EPL 3496[#1]	Tubas	100%	05.06.2019	-	608
EPL 3497[#1]	Tumas	100%	05.06.2019	-	382
EPL 3498[#2]	Aussinanis	85%	07.05.2016	5% Epangelo [#4] 10% Oponona[#5]	190
EPL 3669	Tumas North	65%	20.11.2019	[25% Nova (Africa) [#6]	122
EPL 3670	Chungochoab	65%	20.11.2019	10% Sixzone [#7]]	477
ML 176 [#3]	Shiyela	95%	05.12.2027	5% Oponona [#5]	54
EPLA 6820[#1]	Rooikop East	100%	N/A[#8]	-	205
					2,038

[#1] 5% right granted to Oponona[#5] in 2009 to participate in any projects which develop from these EPLs
[#2] Application has been made for a Mineral Deposit Retention Licence (MDRL) to secure the uranium resource within EPL3498. The EPL remains valid whilst the outcome of the MDRL application is pending.
[#3] Located entirely within EPL3496
[#4] Epangelo Mining (Pty) Ltd
[#5] Oponona Investments (Pty) Ltd
[#6] Nova (Africa) (Pty) Ltd
[#7] Sixzone Investments (Pty) Ltd
[#8] Application has been made for this Exclusive Prospecting Licence (EPL). An expiry date will only be available once the tenement has been granted.

AGREEMENTS

	Approx. Area (km^2)
ABM Resources NL - Northern Territory (100% uranium rights stay with Deep Yellow)	5,257
	5,257

Unit 17, Spectrum Building 100 Railway Road, Subiaco, Western Australia 6008
Tel: 61 8 9286 6999   Fax: 61 8 9286 6969
www: deepyellow.com.au