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3 November 2006

Manager Company Announcements  
Company Announcements Office  
Australian Stock Exchange Limited  
Level 10, 20 Bond Street  
**SYDNEY NSW 2000**

Dear Sirs

### **PROSPECTUS**

Please find attached:

- Prospectus dated 3 November 2006 for Deep Yellow Limited's One for Five Non Renounceable Entitlements Issue of up to 130,409,193 new shares at 12 cents per share to raise a maximum of \$15,649,103;
- Updated Appendix 3B from that lodged 13 October 2006;
- A 'Notice Letter' to be despatched to shareholders containing all the information required in Appendix 3B.

Yours faithfully

**Mark Pitts**  
Company Secretary

# **DEEP YELLOW LIMITED**

## **ACN 006 391 948**

### **NON RENOUNCEABLE ENTITLEMENT ISSUE PROSPECTUS**

**FOR**

**A Non Renounceable Pro Rata Offer  
of up to 130,409,193 New Shares  
at 12 Cents Each  
to Eligible Shareholders, on the Basis of  
1 New Share for Every 5 Shares  
held at the Record Date, to raise up to \$15,649,103**

**THIS OFFER CLOSSES AT 5.00PM WST ON 1 DECEMBER 2006.  
VALID ACCEPTANCES MUST BE RECEIVED BEFORE THAT TIME.**

**Please read the instructions in this Prospectus and on the accompanying  
Entitlement and Acceptance Form regarding the acceptance of your entitlement.**

**This is an important document and requires your immediate attention. It should be read in its entirety.  
If you are in doubt about what to do, you should consult your professional adviser without delay.  
The securities offered by this prospectus are of a speculative nature.**

## IMPORTANT INFORMATION

This Prospectus is dated 3 November 2006 and was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the contents of this Prospectus.

No New Shares will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

This document is important and requires your immediate attention. Applicants should read this Prospectus in its entirety before deciding to participate in the Issue. If after reading this Prospectus you have any questions about the Issue, you should contact your stockbroker, solicitor, accountant or professional adviser.

A copy of this Prospectus is available for inspection at the registered office of the Company at Level 1, 329 Hay Street, Subiaco, Western Australia, during normal business hours. The Company will provide a copy of this Prospectus to any person on request. The Company will also provide copies of other documents on request (see Section 6.5).

The Company will apply to ASX within 7 days of the date of this Prospectus for Official Quotation by ASX of the New Shares offered by this Prospectus.

The New Shares offered by this Prospectus should be considered speculative. Please refer to Section 4 for details relating to investment risks.

Applications for New Shares can only be submitted on an original Entitlement and Acceptance Form attached to and forming part of this Prospectus. The Entitlement and Acceptance Form sets out an Eligible Shareholder's entitlement to participate in the Issue.

Revenues and expenditures disclosed in this Prospectus are recognised exclusive of the amount of goods and services tax, unless otherwise disclosed.

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

No action has been taken to permit the offer of New Shares under this Prospectus in any jurisdiction other than Australia and New Zealand.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of New Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the application and, if the application is successful, to administer the Applicant's security holding in the Company.

By submitting a Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Form, the Company may not be able to accept or process your application.

An Applicant has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

## CORPORATE DIRECTORY

### Directors

Leon Pretorius      Executive Chairman  
Martin Kavanagh    Executive Director  
Gillian Swaby       Non Executive Director

### Proposed Director (subject to election at AGM)

Mervyn Greene      Non Executive Director

### Company Secretary

Mark Pitts

### Principal and Registered Office

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

### Solicitors

Freehills  
QV1 Building  
250 St Georges Terrace  
Perth, Western Australia 6000

### Share Registry \*

Computershare Investor Services Pty Limited  
Level 2, 45 St Georges Terrace  
Perth Western Australia 6000

### Stock Exchange

The Company's securities are quoted on the Official  
List of Australian Stock Exchange Ltd.  
The home branch is Perth.  
ASX Code: DYL

\* Name included for information purposes only.

## PROPOSED TIMETABLE

Lodgement of Prospectus with ASIC and ASX		3 November 2006
Record date for determining Entitlement		15 November 2006
Prospectus and Entitlement and Acceptance Form despatched to Eligible Shareholders		16 November 2006
Closing date for receipt of Acceptances and Application monies	*	1 December 2006
Anticipated date for allotment and issue of New Shares	*	11 December 2006

\* Subject to the Listing Rules, the Directors reserve the right to extend the Closing Date for the Offer. Any extension of the Closing Date will have a consequential effect on the anticipated date for allotment and issue of the New Shares.

**LETTER FROM THE CHAIRMAN**

Dear Shareholder

On behalf of the Directors of Deep Yellow Limited, I invite you to make a further investment in your Company.

The Company is pleased to offer all its shareholders a 1:5 non renounceable Entitlement Issue of 130,409,193 New Shares at an issue price of 12 cents per share to raise up to \$15,649,103. The pricing has been set at 12 cents to provide an incentive for all shareholders to participate in the capital raising.

As set out in our announcement of 13 October 2006, the Company has recently agreed to acquire 100% of the issued capital of Raptor Minerals Limited, providing it with access to a number of prospective tenements in Namibia. As part of that transaction, the Company is obliged to issue shares in the Company to bring the DYL Group's consolidated cash and receivables balance to \$20 million. On the basis of the Company's cash position as at the date of this prospectus, this will require an injection of cash in the amount of approximately \$9.5 million. The minimum subscription under the Entitlement Issue is \$5 million.

The Entitlement Issue is not underwritten but the Directors have reserved the right to place any shortfall shares so as to ensure the Company meets the total cash and receivables balance required under the Raptor transaction.

The past twelve months have been challenging and the last six months in particular have seen considerable growth in the level of opportunities presented to the Company for consideration. These opportunities, together with the Company's growing land holding in Australia, have required the Directors to seek additional funding.

It is the Company's intention to continue to explore its very prospective ground in Australia, which we expect to be conducive to the discovery and development of uranium deposits and in addition review the very exciting prospects in Namibia.

Since the beginning of the year to the date of this prospectus the spot price for U<sub>3</sub>O<sub>8</sub> has increased from US\$38.25 per pound to US\$60 at present. The pressure for this increase is in part due to shrinking inventories and mine outputs, while consumption has been increasing due to improved reactor efficiencies.

At the time of lodging this prospectus it was the intention of all your Directors to participate fully and to take up their maximum entitlement under this offer.

Accordingly, I encourage your participation in this Entitlement Issue. Should you wish to discuss any aspect of this capital raising please do not hesitate to contact myself, my fellow Directors or the Company secretary, Mark Pitts on (08) 9286 6999.

Yours faithfully



**Dr LEON PRETORIUS**  
*Executive Chairman*

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## 1. The Company

### 1.1 Company Status

The Company is a uranium exploration company which holds numerous exploration licences and applications in Australia, including the Northern Territory, Western Australia, Queensland and South Australia. These tenements are either held in the name of the Company or under an agreement through which it can prospect for uranium. (Refer Section 1.2 below).

The Company has also recently negotiated an agreement to acquire 100% of the issued capital of Raptor Minerals Limited (**Raptor**) which through subsidiary companies holds three contiguous Exclusive Prospecting Licences (EPLs 3496, 3497 and 3499) and one EPL Application (EPL 3498) in Namibia (the **Reptile Tenements**). All three EPLs were granted on 6 June 2006 for three years and are valid for the Base and Rare Metals group and the Nuclear Fuel group of minerals, as defined by the Namibian Minerals Act 1992. (Refer Section 1.3 below)

Set out below for shareholders is a summary of the status of the Company's principal assets. For a more comprehensive summary of all tenements and projects in which the Company is involved, please refer to the Quarterly Activities Report released to the Australian Stock Exchange on 27 October 2006.

### 1.2 Australian Assets

#### **NORTHERN TERRITORY**

##### ***Napperby Project (100% DYL)***

Considerable work has been completed on this project over the past twelve months. A final detail drilling programme was completed on 14 September. This programme saw a total of 252 holes being drilled and 2,305 samples submitted for chemical analysis by powder XRF. All assays from the programme have now been received.

A piling/auger rig drilling large diameter holes (60 cm) to 10 m depth was used for this latest programme. This drilling method gave 100% recoveries and good visual evaluation of the host lithologies and distribution of carnotite mineralisation.

The programme on 50 x 50 m centres over an area of 1000 x 600 m has clearly identified a semi-continuous sheet of mineralisation lying between 2 and 10 m depth (average thickness 3.25 m at 100 ppm U<sub>3</sub>O<sub>8</sub> cut-off). The results from the drilling also clearly demonstrate the presence of high grade 'channels' within the sheet compared to the original resource drilling by Uranerz (1979) on 300 x 400 m centres for the same area drilled. Highlights from the drilling include:

- The highest grade assays received were 1 m at 5,120 ppm (0.51%) U<sub>3</sub>O<sub>8</sub> from 5 to 6 m in hole 160, and 1 m at 4,320 ppm (0.43%) U<sub>3</sub>O<sub>8</sub> from 4 to 5 m in hole 132.
- Best composite results of 4.5 m at 1,516 ppm (0.15%) U<sub>3</sub>O<sub>8</sub> from 4 m in hole 160, and 4 m @ 1,121 ppm (0.11%) U<sub>3</sub>O<sub>8</sub> from 3 m depth in hole 77.
- Numerous 1 m intersections have been returned with XRF chemical assay values of over 1,000 ppm (0.1%) U<sub>3</sub>O<sub>8</sub>.

The 2006 assay results to date from the 1,000 x 600 m block clearly demonstrate continuity of mineralisation with enhanced (higher grade) intercepts compared to the Uranerz (1979) data from the same area.

The Company has engaged an independent consulting company, FinOre Mining Consultants to undertake a JORC compliant resource estimate for the 1000 x 600 m area tested by the detail drill programme.

#### **QUEENSLAND**

##### ***Deep Yellow/Matrix Metals NW Uranium Joint Venture (Earning 100% Queensland)***

**Lochness and Lochness North Prospects (EPM 14916)** lie within the Western Succession of the Mt Isa Inlier, more specifically within the Leichard River Fault Trough, which also is the host unit for the Valhalla and Skala uranium deposits.

Recently mapping of the Lochness and Lochness North prospects was carried out in order to identify the main uranium mineralised units comprising the airborne uranium radiometric anomaly at Lochness. The radiometric data clearly identifies the Lochness and Lochness North prospects as uranium highs lying on a regional 10 km strike anomalous zone.

The Company hopes to commence an RC percussion drilling programme in early November (pending confirmation that a drill rig is available). It is anticipated that approximately 2,000 m will be drilled in total (60° angle holes to 120 m depth).

#### **SOUTH AUSTRALIA**

##### ***Western Gawler Project (DYL can earn 100% of uranium rights)***

The South Australian Geological Survey (SAGS) have advised that the bulk of Dominion Gold Operations Pty Ltd (Dominion) calcrite samples have been recovered from storage and sorted numerically. The Geological Survey have already submitted a total of 2,300 samples for multi-element ICP analysis which includes uranium. Results from this first batch of samples will be available at the end of November.

The Company has prioritised +8,000 samples for assay and SAGS have indicated that it might be possible to access these priority samples ahead of the routine assay of the +44,000 sample Dominion database. This process may take several months to complete and the Company has yet to confirm if the first batch of 2,300 samples assayed contains any of its priority samples.

Preliminary data from a 2,800 line km airborne electromagnetic survey (AEM) flown over interpreted palaeochannel positions within Dominion's tenements has been received. The Tempest AEM system flown by Fugro on 1 km spaced flight lines has successfully delineated a number of palaeochannels within the tenements as demonstrated by the response from the known Challenger (Mine) Palaeochannel (mine water supply).

### **1.3 Namibian Assets - Raptor Acquisition**

#### **(a) Overview**

On 13 October 2006 the Company announced that it had entered into an agreement with Raptor Partners Limited (**RPL**), a British Virgin Islands (**BVI**) registered company, and its shareholders, to effectively merge the uranium interests of the parties.

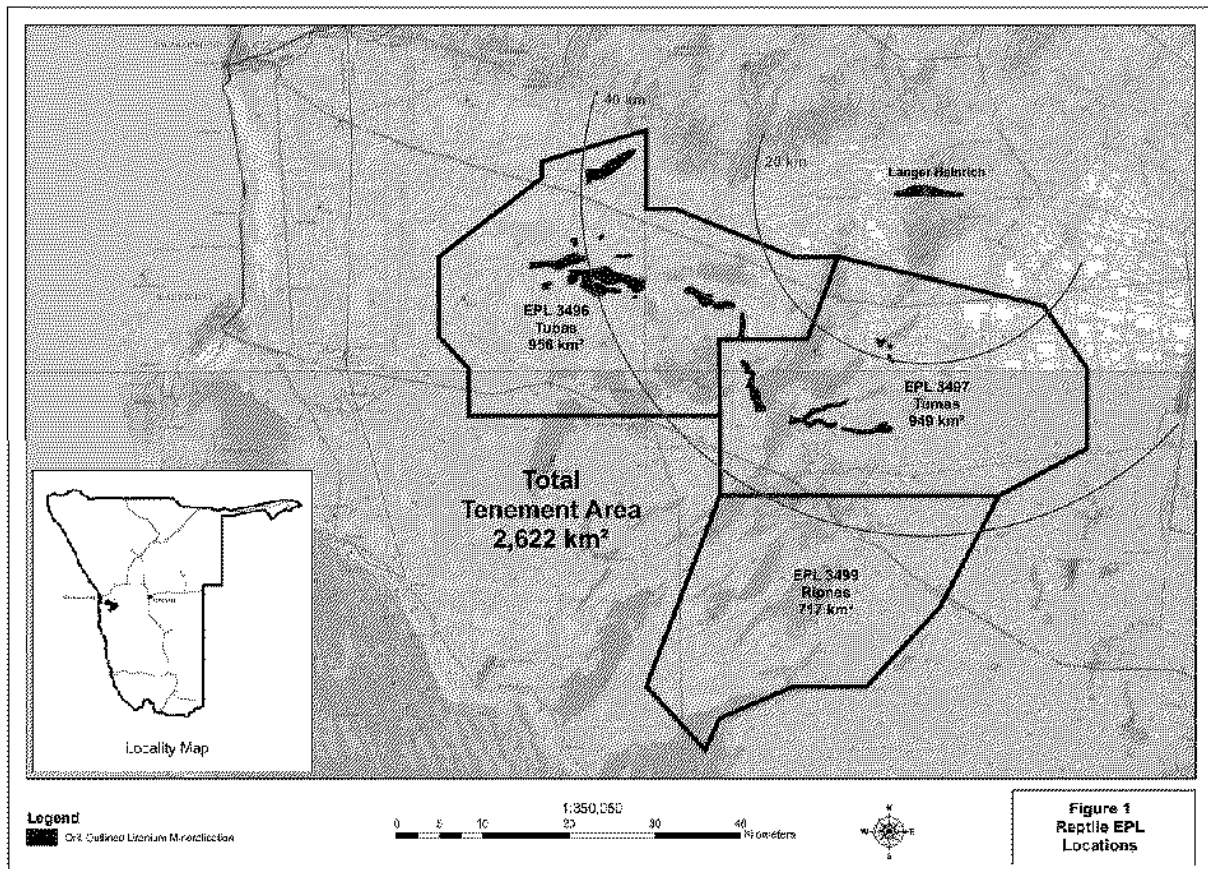
The merger will be achieved by DYL acquiring ultimate control of Reptile Mineral Resources and Exploration (Pty) Limited (**Reptile**), by the issue of DYL shares and payment of a small portion of the overall consideration in cash. Reptile is a Namibian registered company which, through a Namibian subsidiary, holds the Reptile Tenements. Further details in relation to the acquisition agreement are contained in Section 6.2. The merger will proceed by a two tranche acquisition process, under which the Company will pay cash of \$2.58 million and issue up to 174 million DYL shares, valuing the acquisition at approximately \$26 million.

As part of the merger, RPL has the right (subject to the Company's constitution and applicable law) to appoint a director to the DYL board. The nominee to the board is Mr Mervyn Greene, whose election is proposed at the Annual General Meeting of the Company scheduled for 30 November 2006.

The merger gives DYL access to approximately 2,622 km<sup>2</sup> of ground that is highly prospective for uranium mineralisation similar in style of formation to that of Langer Heinrich (latest published JORC compliant contained U<sub>3</sub>O<sub>8</sub> resources of 44,000 t). The area covered by the Reptile Tenements was previously explored by major international companies such as Anglo American, Falconbridge, General Mining and Aquitaine who outlined extensive zones containing uranium mineralisation (see Figure 1).



Figure 1 – Location of Tenements



(b) Previous Exploration

During the mid-1970s to early 1980s previous holders of the tenements, including Anglo American, Falconbridge, General Mining and Aquitaine, undertook evaluation of airborne radiometric anomalies with follow-up drilling leading to the discovery of uranium mineralisation within near surface zones as depicted in Figure 1. The mineralisation occurs in the form of carnotite ( $K_2(UO_2)_2(VO_4)_2 \cdot 3H_2O$ ) in valley-fill sediments similar to Paladin Resources Limited's Langer Heinrich uranium deposit to the east/northeast of the various project areas.

A total of approximately 37,500 m was drilled by the previous holders during a number of campaigns. Some of the assay and radiometric data is available and some remains to be found. Table 1 summarises open file company reports on the estimated contained uranium oxide ( $U_3O_8$ ) mineralisation.

The resources quoted in Table 1 and total metreage drilled are based on data and reports obtained and prepared by the previous operators, as provided to the South African Nuclear Energy Corporation and the Namibian Ministry of Mines and Energy. DYL will complete the work necessary to independently verify the classification of the mineral resource estimates and is not treating the mineral resource estimates as JORC defined resources verified by a qualified person. The tenements will require considerable further exploration which DYL's management and consultants intend to carry out in due course. In the meantime, the information provided should be treated with the appropriate caution.

Table 1: Grade and Tonnage Estimates within Reptile Tenements \*

Deposit	EPL	Tonnage	U <sub>3</sub> O <sub>8</sub> in ppm	Tonne U <sub>3</sub> O <sub>8</sub>
TUBAS 433	3496	26,000,000	222	5,772
ORYX 430	3496/7	18,000,000	300	5,320
ORYX EXT 708	3496	2,900,000	250	725
TUMAS 738	3497	13,000,000	244	3,172
NAMIB PARK II 644	3497	8,600,000	352	3,027
<b>TOTAL</b>		<b>68,500,000</b>	<b>263</b>	<b>18,016</b>

\* Important Note

All information regarding the tenements and resources related to the Namibian assets has been sourced from reports to the South African Nuclear Energy Corporation and the Namibian Ministry of Mines and Energy. As stated above all references to contained ore and tonnages were compiled before the adoption of the JORC Code and are hence not JORC compliant. There has been insufficient modern exploration to define the resources to JORC standard. The Directors believe however that the potential resources are of sufficient significance that they should be disclosed. Deep Yellow intends to carry out staged exploration over the tenements which may result in JORC compliant resources estimates in due course.

(c) Style of Mineralisation

Uranium mineralisation occurs in the form of carnotite ( $K_2(UO_2)_2(VO_4)_2 \cdot 3H_2O$ ) in valley-fill sediments similar to Paladin Resources Limited's Langer Heinrich deposit to the east/northeast of the various project areas.

(d) Proposed Exploration Programme

The Company will continue to pursue the environmental clearances required from the Namibian authorities prior to commencement of a comprehensive exploration programme in relation to the granted Reptile Tenements. A Namibian based technical and administrative team will operate under the guidance of the Company's Executive Chairman Dr Leon Pretorius (who remains on the Board of Langer Heinrich Uranium (Pty) Limited) and will also include persons who were involved in the exploration and pre-development work at Langer Heinrich. Dr Pretorius is currently in Namibia assessing the logistical requirements including setting up an Exploration Office in Swakopmund.

From Figure 1 (20 and 40 km distance arcs indicated) it can be seen that the known areas of uranium mineralisation within the Reptile Tenements are within close proximity to the Langer Heinrich processing plant and infrastructure that will be invaluable should a commercial discovery be made.

## 1.4 The Board of Directors

The Company has a well qualified and committed Board of Directors.

### Leon Pretorius MSc Geology, PhD Geochemistry, FAusIMM, MAIG

Dr Pretorius is a geochemist and brings to Deep Yellow 35 years experience and an intimate knowledge of the uranium industry in both Australia and Southern Africa.

He has worked in Africa, Europe and the United States of America in a variety of roles. For the past 5 years he has been involved with Paladin Resources Limited's activities in Namibia during which time that company saw rapid growth and transformation into one of the world's leading uranium success stories. Although he resigned his position as an executive Director of Paladin in 2005, he remains a non-executive Director of their Namibian operating company Langer Heinrich Uranium (Pty) Limited.

**Martin Kavanagh** BSc(Hons) Geology, FAusIMM, MAIG, CIM

Mr Kavanagh is an exploration geologist with considerable experience acquired through extensive fieldwork, research and management of Australia-wide and offshore programmes.

After graduating from the University of London with Honours, he has worked widely within the exploration and mining industry throughout Australia and offshore in North America, Indonesia and the Southwest Pacific islands for the past 35 years.

Mr Kavanagh is also a non-executive director of Tanami Gold NL.

**Gillian Swaby** B.Bus, FCIS, FAICD

Ms Swaby has been involved in financial and corporate administration, as both Director and Company Secretary covering a broad range of industry sectors, for over 25 years. Ms Swaby has extensive experience in the area of secretarial practice, corporate governance, management accounting and corporate and financial management and sits on a number of advisory committees.

Ms Swaby is currently the Company Secretary of Paladin Resources Ltd and was a member of the Paladin Board for a period of 9 years.

Ms Swaby is the principal of a corporate consulting company and past Chair of the Western Australian Council of Chartered Secretaries of Australia and a former Director on their National Board.

## 1.5 Proposed Director

In connection with the Raptor acquisition, a resolution for the appointment of Mr Mervyn Greene to the Board will be put at the Annual General Meeting of the Company scheduled for 30 November 2006.

Mr Greene (aged 46) has a masters degree in Mathematics and bachelor's degree in Engineering from Trinity College in Dublin. Mr Greene also has an MBA from London Business School. Between 1997 and 2005 Mr Greene was a partner of Irwin Jacobs Greene, one of Namibia's premier stockbroking, money market, private equity and corporate finance advisory firms, which has been involved in a number of capital raisings for Namibian State enterprises. Mr Greene has had broad experience in a range of corporate transactions both in Namibia and abroad.

Between 1984 and 1993, Mr Greene worked for Morgan Stanley in New York and London including in management roles in UK/European Equity Research and International Equities (Sales and Trading).

## **2. Details of the Offer**

### **2.1 The Offer**

The Company is making a non renounceable pro-rata offer of Shares to existing Eligible Shareholders on the basis of 1 New Share for every 5 Shares held at 5.00 pm (WST) on 15 November 2006 ("Record Date").

A maximum of 130,409,193 New Shares will be issued pursuant to this Prospectus ("Issue").

Where the determination of the entitlement of any Entitled Shareholder results in a fraction of a Share, such fraction will be rounded down to the nearest whole Share.

There is a minimum subscription to the Offer of \$5 million (refer Section 2.5).

Please refer to Section 6.1 for a summary of the rights attaching to the New Shares.

### **2.2 Purpose of the Issue**

The Issue will raise up to \$15,649,103 (on the basis of full acceptances) before costs of the Issue.

Completion of the Offer will result in an increase in cash on hand of \$15,589,103 (after the payment of costs associated with the Offer and assuming the Offer is fully subscribed).

It is proposed that the funds raised will be used primarily by the Company to address the following activities:

- to replenish cash depleted for payment of part consideration for the acquisition of 100% of the issued capital of Raptor;
- to meet committed levels of expenditure on exploration programmes on the Reptile Tenements;
- to provide additional working capital for the investigation and assessment of further acquisitions of prospective uranium areas both in Australia and offshore;
- to provide working capital to continue the review of Matrix Metals and Dominion Mining tenements where access has already been negotiated; and
- for general working capital purposes.

As part of the Raptor acquisition, as soon as practicable after the execution of the Share Sale Agreement, the Company is obliged to issue shares in the Company for the purpose of increasing the consolidated cash and receivables of the DYL Group to not less than \$20 million. It is the Directors' intention to use this Offer to raise the funds for this purpose (refer Section 2.5).

The Directors have budgeted for exploration and administration over the coming two years and have set out their estimates at Section 5.2.

### **2.3 Your Entitlement and Acceptance**

The number of New Shares to which an Eligible Shareholder is entitled is set out in the Entitlement and Acceptance Form, which accompanies this Prospectus. Eligible Shareholders may accept their entitlement in whole or in part. If you decide not to accept your entitlement it will lapse and may be placed by the Directors as Shortfall Securities in accordance with Section 2.6 of this Prospectus.

It is important that you consider the Issue carefully. If you decide to accept your entitlement (either in whole or in part), you must do so in accordance with the instructions set out on the accompanying Entitlement and Acceptance Form and Section 2.8. Completed Entitlement and Acceptance Forms must be received at Computershare Investor Services Pty Limited by 5.00pm (WST) on the Closing Date, together with a cheque or bank draft in Australian dollars for the amount

being applied for made out to "Deep Yellow Limited Share Issue Account" and crossed "Not Negotiable". Cash payments will not be accepted but returned and the application deemed invalid. Receipts for payments will not be issued.

Subject to the Corporations Act and the Listing Rules, the Company reserves the right in its absolute discretion, to extend the Issue, close the Issue early or accept late applications either generally or in a particular case.

If you are in doubt as to the course of action, you should consult your professional adviser.

## 2.4 Opening and Closing Dates

The Company will accept Entitlement and Acceptance Forms from the Record Date for determining Eligible Shareholders' entitlements (15 November 2006), until 5.00pm WST 1 December 2006 or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the Listing Rules ("Closing Date").

## 2.5 Minimum Subscription

The minimum subscription under the Offer is \$5 million. If the minimum subscription under the Offer is not met, all application monies received will be refunded without interest.

The minimum subscription will enable the Company to meet its minimum expenditure commitments on tenements held and reasonably assess exploration targets.

If the Offer does not raise sufficient funds to meet the \$20 million cash and receivable requirement under the Raptor acquisition agreement, the Directors propose to place sufficient number of Shortfall Securities at their absolute discretion (subject to the Listing Rules) to meet that requirement, as described in Section 2.6. At the date of this Prospectus, \$9.5 million is required to be raised in order to ensure that the \$20 million cash and receivables requirement is met.

## 2.6 Placement of Shortfall Securities

The placement of Shortfall Securities may occur after the Closing Date.

An application for Shortfall Securities can only be made by completing a Shortfall Application Form which will be sent by the Directors to any party who the Directors invite to apply for Shortfall Securities. The Shortfall Application Form shall be sent by the Directors with a copy of the Prospectus.

Subject to the Listing Rules, the Directors may in their absolute discretion issue all, some or none of the Shortfall Securities applied for by any party. To the extent that Shortfall Securities are applied for but not issued, Application Monies will be returned without interest.

## 2.7 Procedures for Placement of Shortfall Securities

Shortfall Application Forms must be completed in accordance with the instructions contained therein and must be accompanied by a cheque in Australian currency drawn on an Australian bank, made payable to "Deep Yellow Limited Share Issue Account" and crossed "Not Negotiable" for the Application Monies. Cash payments will not be accepted but returned and the application deemed invalid. Receipts for payments will not be issued.

Once a Shortfall Application Form is completed and returned it is irrevocable and may not be withdrawn or varied by the Applicant.

Application Monies are payable in full on application.

Completed Shortfall Application Forms together with payment of the Application Monies in full must be lodged by the date specified by the Directors when sending the Shortfall Application Form as follows:

By delivery                      Computershare Investor Services Pty Limited  
Level 2  
45 St George's Terrace  
PERTH WA 6000

By post                              Computershare Investor Services Pty Limited  
GPO Box D182  
Perth WA 6840

## **2.8 Entitlement and Acceptance Form**

Acceptance of a completed Entitlement and Acceptance Form by the Company creates a legally binding contract between the Applicant and the Company for the number of New Shares accepted by the Company. The Entitlement and Acceptance Form does not need to be signed to be a binding acceptance of New Shares.

If the Entitlement and Acceptance Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

## **2.9 Allotment**

The Company expects to issue the Shares on 11 December 2006. Holding statements in relation to the Shares are also expected to be dispatched on 11 December 2006. These dates may change at the Directors' discretion.

It is the responsibility of Applicants to determine their allocation prior to trading in the New Shares. Applicants who sell New Shares before they receive their holding statements will do so at their own risk.

## **2.10 Application Monies Held on Trust**

All Application Monies received for the New Shares will be held in trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus until the New Shares are issued. All Application Monies will be returned (without interest) if the New Shares are not issued.

## **2.11 ASX Quotation**

Application will be made to ASX no later than 7 days after the date of this Prospectus for the official quotation of the New Shares offered by this Prospectus. If permission is not granted by ASX for the official quotation of the New Shares offered by this Prospectus within 3 months after the date of this Prospectus the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to this Prospectus.

## **2.12 CHESS**

The Company participates in the Clearing House Electronic Subregister System, known as CHESS. ASX Settlement and Transfer Corporation Pty Ltd ACN 008 504 532 ("ASTC"), a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and New Shares Clearing House Business Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of New Shares.

If you are broker sponsored, ASTC will send you a CHESS statement.

The CHESS statement will set out the number of New Shares issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the New Shares, including a notice to exercise the New Shares.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by Computershare Investor Services Pty Limited and will contain the number of New Shares issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time; however, a charge may be made for additional statements.

### **2.13 Foreign Shareholders**

The Offer is not being extended to any shareholders whose registered address is outside Australia or New Zealand. The Company is of the view that it is unreasonable to make the Issue to shareholders outside Australia and New Zealand, having regard to:

- the number of those shareholders;
- the number and value of New Shares to be offered to those persons; and
- the cost of complying with overseas legal requirements.

The Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer other than for shareholders in Australia and New Zealand. The Company is not required to make offers under the Prospectus to shareholders other than in Australia and New Zealand. Where the Prospectus has been dispatched to shareholders domiciled outside Australia or New Zealand and where the country's securities code or legislation prohibits or restricts in any way the making of the offers contemplated by the Prospectus, the Prospectus is provided for information purposes only.

Shareholders resident in Australia or New Zealand holding shares on behalf of persons who are resident overseas are responsible for ensuring that taking up Entitlement under the Issue does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

### **2.14 Brokerage**

The Company may pay a placement fee of a maximum of 5% (plus GST) of the amount subscribed (and accepted by the Company) to any holder of a financial services licence in respect of Shortfall Application Forms bearing their stamp.

### **2.15 Risk Factors**

An investment in New Shares should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are set out in Section 4.

### **2.16 Taxation Implications**

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. As a result, Shareholders should consult their professional tax adviser in connection with subscribing for New Shares under this Prospectus.

### **2.17 Major Activities and Financial Information**

A summary of the major activities and financial information relating to the Company for the financial year ended 30 June 2006 is contained in the Annual Report which was sent to Shareholders on 27 October 2006.

A summary of activities relating to the Company for the three month period ended 30 September 2006 is contained in the quarterly activities report for that period, which was lodged with ASX on 27 October 2006.

The Annual Report and Notice of Annual General Meeting have been lodged with ASIC and for the purposes of Section 712 of the Corporations Act are deemed to be included in this Prospectus. The Annual Report was lodged with ASIC and ASX on 28 September 2006 and dispatched to shareholders, together with the Notice of Annual General Meeting on

27 October 2006, however, a person may obtain a copy of these documents free of charge upon request at any time during the application period under this Entitlement Issue (see Section 6.5 for further information available on request).

In addition, an update on the Company and its activities is contained in Section 1 of this Prospectus.

## **2.18 Enquiries Concerning Prospectus**

Enquiries concerning the Entitlement and Acceptance Form can be obtained by contacting Computershare Investor Services Pty Limited by telephone on 1300 557 010.

Enquiries relating to this Prospectus should be directed to the Company Secretary by telephone on 08 9286 6999 or facsimile on 08 9286 6969.



### 3. Action Required by Shareholders

#### 3.1 Acceptance of New Shares Under this Prospectus

Should you wish to accept all of your entitlement to New Shares, then applications for New Shares under this Prospectus must be made on the Entitlement and Acceptance Form which accompanies this Prospectus, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided and attach a cheque for the amount indicated on the Entitlement and Acceptance Form.

Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed "Not Negotiable" and made payable to "Deep Yellow Limited Share Issue Account" and lodged at any time after the issue of this Prospectus and on or before the Closing Date at the Company's share registry (by delivery or by post) at:

By delivery	Computershare Investor Services Pty Limited Level 2 45 St George's Terrace PERTH WA 6000
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By Post	Computershare Investor Services Pty Limited GPO Box D182 Perth WA 6840
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#### 3.2 If You Wish To Take Up Part Of Your Entitlement Only

Should you wish to only take up part of your entitlement, then applications for New Shares under this Prospectus must be made on the Entitlement and Acceptance Form which accompanies this Prospectus in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided, including the number of New Shares you wish to accept and the amount payable (calculated at 12 cents per New Share accepted), and attach a cheque for the appropriate Application Monies.

Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed "Not Negotiable" and made payable to "Deep Yellow Limited Share Issue Account" and lodged at any time after the issue of this Prospectus and on or before the Closing Date at the Company's share registry (by delivery or by post) at:

By delivery	Computershare Investor Services Pty Limited Level 2 45 St George's Terrace PERTH WA 6000
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By Post	Computershare Investor Services Pty Limited GPO Box D182 Perth WA 6840
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#### 3.3 Entitlements Not Taken Up

If you do not wish to accept any of your entitlement, you are not obliged to do anything. In that case, New Shares not accepted by the Closing Date will become Shortfall Securities and you will receive no benefit.

### 3.4 Enquiries Concerning Your Entitlement

If you have any queries concerning your entitlement please contact:

Computershare Investor Services Pty Limited  
Level 2  
45 St George's Terrace  
PERTH WA 6000

Telephone 1300 557 010

#### 4. Risk Factors

Potential investors in the Company should be aware that subscribing for shares involves a number of risks. The risk factors outlined in this Section and elsewhere in this Prospectus should be carefully considered by investors when evaluating an investment in the Company. In addition, investors should appreciate that the value of shares and options on ASX may rise or fall depending on a range of factors beyond the control of the Company. This is especially the case with companies undertaking mining and exploration activities.

Any of the factors set out in this Section or any other factors identified in this Prospectus may materially affect the financial performance of the Company and the market price of the Shares. To that extent the Shares carry no guarantee with respect to the payment of dividends, return on capital or the price at which those Shares will trade on the ASX.

The Directors consider that an investment in the Company should be considered speculative due to:

- (a) the recent volatility in publicly listed entities on world stock markets generally, and of mining and exploration companies in particular; and
- (b) the speculative nature of mining and exploration activities.

While the Company plans to take prudent measures to safeguard from, or mitigate its exposure to these risks, many of the risks are outside of the Company's control.

There are a number of risk factors that investors should consider before deciding whether or not to invest in the New Shares. The principal risk factors include, but are not limited to, the following:

##### 4.1 Risks Specific to the Company

The current and future operations of the Company, including exploration, appraisal and production activities, may be affected by a range of factors, including:

###### ***Risks Relevant to the Company's Australian Assets***

- (a) Government Policy

The Federal Government is responsible for uranium mining in the Northern Territory and currently permits the mining and export of uranium under strict international agreements designed to prevent nuclear proliferation. The export of uranium is tightly controlled by the Federal Government through its licensing process and Australian uranium can only be exported to those countries that undertake to use it for peaceful purposes.

The Queensland State Government has a policy opposing the mining of uranium. Whilst the Company is not prevented from exploration and evaluation of their uranium deposits, the development of the uranium deposits is dependant on a change in Queensland State Government policy in relation to uranium production. There can be no assurance that this policy will change in the future and this may adversely affect the long term prospects for the Company.

At its conference in October 2005, the South Australian branch of the ALP unanimously endorsed a platform motion that it continued to be opposed to new uranium mines and the expansion of the enrichment process. The SA Government has also passed legislation to prevent the use of sites in SA for the storage of intermediate or high level nuclear waste. But the SA Minister for Minerals Development, Paul Holloway, and Deputy Premier Kevin Foley have publicly opposed the party's policy.

In addition, the SA Labor government and Premier Mike Rann are strongly supporting the expansion of the Olympic Dam mine, which will allow the BHP/Billiton-run mine to quadruple its uranium output to become the largest uranium mine in the world.

Further, the Rann Government will not prevent the development of the Honeymoon mine, approved by the previous Liberal State Government, despite a technical breach of the 'three mines' policy. Premier Rann justifies the Honeymoon decision on the basis that stopping the mine suggests a degree of regulatory risk to investors in the resources sector.

South Australia is also home to Beverly, the only new uranium mine opened since the Coalition government was elected in 1996.

Although it is not in favour of new uranium mines in SA nor the storage of radioactive material in SA, the SA Government continues to subsidise uranium exploration, offering some explorers a 50 percent rebate on drilling costs. It also supports uranium mining at current levels in SA, given its contribution to the SA economy.

The Western Australian Government has not enacted any legislation that expressly prohibits uranium mining in Western Australia. However, the current Western Australia State Government does have a policy opposing uranium mining. All mining leases granted since 22 June 2002 are subject to a condition which prohibits the mining of uranium. Whilst the Company is not restricted from exploration and evaluation of its tenements in Western Australia, any development would be contingent upon a change of Western Australian State Government Policy in relation to uranium production. There can be no assurance that the policy will change in the future and this may adversely affect the long-term prospects of the Company.

Investors should note that the Federal Labour Party (currently in opposition) 2004 platform was to prevent the development of any new uranium mines.

In addition future changes in Governments, regulations and policies may have an adverse impact on the Company.

(b) Approval Process

Uranium mining in Australia is subject to extensive regulation by State and Federal governments in relation to the exploration, development, production, exports, taxes, royalties, labour standards, occupational health, waste disposal, protection and rehabilitation of the environment, mine reclamation, mine safety, toxic and radioactive substances, native title and other matters. The cost of compliance with such laws and regulations will ultimately increase the cost of exploring, drilling, developing, constructing, operating and closing mines and other production facilities. These approvals are more rigorous than for mining of other metals. There is a risk that should economic deposits of uranium be discovered, the government approvals may not be granted, or may be significantly delayed or may make the deposit uneconomic.

(c) Contractual Rights

*Matrix Metals Limited*

As the Company is not the registered holder of the tenements within the Deep Yellow/Matrix Metals NW Uranium Joint Venture, the Company's rights to uranium are based on its Heads of Agreement with Matrix Metals.

The ability of the Company to exploit the uranium rights under the agreement is partially dependant on Matrix Metals, as the current owner, ensuring that the tenements are maintained and kept in good standing. It is possible that Matrix Metals may act in a manner which could effect the rights of the Company under the NW Uranium Joint Venture Heads of Agreement.

*Dominion Mining Limited*

As the Company is not the registered holder of the tenements within the West Gawler Project, the Company's rights to uranium are based on its Heads of Agreement with Dominion.

The ability of the Company to exploit the uranium rights under the agreement is partially dependant on Dominion, as the current owner, ensuring that the tenements are maintained and kept in good standing. It is possible that Matrix Metals may act in a manner which could effect the rights of the Company under the Western Gawler Uranium Exploration and Development Heads of Agreement.

(d) Native Title

The Native Title Act recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. There is significant uncertainty associated with Native Title in Australia and this may impact on the Company's operations and future plans.

Native Title can be extinguished by valid grants of land (such as freehold title) or waters to people other than the Native Title holders or by valid use of land or waters. It can also be extinguished if the indigenous group has lost its connection with the relevant land or waters. Native Title is not necessarily extinguished by the grant of mining leases, although a valid mining lease prevails over Native Title to the extent of any inconsistency for the duration of the title.

Tenements granted before 1 January 1994 are valid or validated by the Native Title Act.

For tenements to be validly granted (or renewed) after 1 January 1994, the future act regime established by the Native Title Act must be complied with.

The existence of a Native Title claim is not an indication that Native Title in fact exists on the land covered by the claim, as this is a matter ultimately determined by the Federal Court.

The Company must also comply with Aboriginal heritage legislation requirements which require heritage survey work to be undertaken ahead of the commencement of exploration and mining operations.

#### ***Risks Relevant to the Company's African Assets***

##### **(a) Government Policy and Sovereign Risk**

The Raptor acquisition substantially alters the profile of the Company by expanding its operations outside Australia. While the Directors are of the view that this has significant advantages in terms of the broadening of geographical risk, and given that government policy towards uranium mining in Namibia is generally supportive (as evidenced by the approval and development of Paladin Resource Limited's Langer Heinrich project), it also means that the Company is exposed to additional sovereign risk.

The Company's proposed operations in Namibia are exposed to various levels of political, economic and other risks and uncertainties associated with operating in a foreign jurisdiction. These risks and uncertainties vary from country to country and include, but are not limited to, currency exchange rates, high rates of inflation, labour unrest, renegotiation or nullification of existing concessions, licenses, permits and contracts, changes in taxation policies, restrictions on foreign exchange, changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Changes, if any, in mining or investment policies or shifts in political attitude may adversely affect the Company's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use, Black Economic Empowerment and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements.

The occurrence of these various factors adds uncertainties which cannot be accurately predicted and could have an adverse effect on the Company's operations.

##### **(b) Approval Process**

Mining in Namibia is subject to regulation under the Namibian Minerals Act 1992. There are also various regulations in place in relation to the exploration, development, production, exports, taxes, royalties, labour standards, occupational health, waste disposal, protection and rehabilitation of the environment, mine reclamation, mine safety, toxic and radioactive substances and other matters. The cost of compliance with such laws and regulations will ultimately increase the cost of exploring, drilling, developing, constructing, operating and closing mines and other production facilities. There is a risk that should economic deposits of uranium be discovered on the Reptile Tenements, the government approvals may not be granted, or may be significantly delayed or may make the deposit uneconomic.

##### **(c) Contractual Rights**

The Reptile Tenements were acquired through the acquisition of shares in a BVI-registered company, Raptor. While the Company undertook due diligence in connection with the acquisition, and the Share Sale Agreement contains a number

of representations, warranties and indemnities in relation to both the corporate entities and assets being acquired, their remains a risk of unknown matters, liabilities or exposures in connection with the acquisition.

In addition, even if such matters, liabilities or exposures give rise to rights under the Share Sale Agreement in favour of the Company, the Company's ability to efficiently and economically enforce those rights may be limited.

The Vendors have agreed to enter into a voluntary escrow arrangement in respect of the DYL Shares issued as part of the second tranche consideration. However, there can be no assurance that the Company will be able to recover the amount of any judgement which may be made in its favour in the event of breach of the Share Sale Agreement by the Vendors, particularly as the value of any DYL Shares still held by the Vendors may be negatively impacted by the breach.

(e) Subsidiaries

The Company intends to conduct its operations in Namibia through subsidiaries and hold certain of its assets in such subsidiaries. Accordingly, any limitation on the transfer of cash or other assets between the Company and its subsidiaries could restrict the Company's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on the Company's valuation and stock price.

(f) Currency Risk

The Company's will incur expenditures in the local currency of Namibia. The Company will therefore be subject to foreign currency fluctuations which may materially affect its financial position and operating results.

**Risks Relevant to all the Company's Assets**

(a) Competition from Alternative Energy and Public Perception

Nuclear energy is in direct competition with other more conventional sources of energy which include gas, coal and hydro-electricity.

Furthermore, any potential growth of the nuclear power industry (with any attendant increase in the demand for uranium) beyond its current level will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity. The nuclear industry is currently subject to negative public opinion due to political, technological and environmental factors. This may have an adverse impact on the demand for uranium and increase the regulation of uranium mining.

One of the arguments in favour of nuclear energy is its lower emissions of carbon dioxide per unit of power generated compared to coal and gas. Alternative energy systems such as wind or solar also have very low levels of carbon emissions, if any, however to date these have not been efficient enough to be relied upon for large scale base load power. Technology changes may occur that make alternative energy systems more efficient and reliable.

(b) Dilution

The Company may undertake additional offerings of securities in the future. The increase in the number of shares issued and the possibility of sales of such shares may have a depressive effect on the price of shares already on issue. In addition, as a result of the issue of such additional shares, the voting power of existing shareholders will be diluted.

(c) Uninsurable Risks

The Company may become subject to liability for accidents, pollution and other hazards against which it cannot insure or against which it may elect not to insure because of premium costs or for other reasons, or in amounts, which exceed policy limits.

(d) Key Personnel

Recruiting and retaining qualified personnel is critical the success of the Company. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. In

particular, as the Company's business activity grows, it will require additional staff in Namibia. Although the Company believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

## 4.2 Mineral Industry Risks

### (a) Exploration and Development Risks

Mineral exploration and mining are high-risk enterprises, only occasionally providing high rewards. In addition to the normal competition for prospective ground, and the high average costs of discovery of an economic deposit, factors such as demand for commodities, stock market fluctuations affecting access to new capital, sovereign risk, environmental issues, labour disruption, project financing difficulties, foreign currency fluctuations and technical problems all affect the ability of a company to profit from any discovery.

There is no assurance that exploration and development mineral interests owned by the Company, or any other projects that may be acquired in the future, can be profitably exploited.

### (b) Operational Risks

The operations of the Company may be disrupted by a variety of risks and hazards which are beyond the control of Deep Yellow, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions, fire, explosions and other incidents beyond the control of the Company.

These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. While the Company currently intends to maintain insurance within ranges of coverage consistent with industry practice, no assurance can be given that the Company will be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.

### (c) Metallurgy

Metal and/or mineral recoveries are dependent upon the metallurgical process, and by its nature contain elements of significant risk such as:

- Identifying a metallurgical process through test work to produce a saleable metal and/or concentrate;
- Developing an economic process route to produce a metal and/or concentrate; and
- Changes in mineralogy in the ore deposit can result in inconsistent metal recovery, affecting the economic viability of the project.

### (d) Resource estimates

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates that were valid when made may change significantly when new information becomes available.

In addition, resource estimates are necessarily imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralisation or formations different from those predicted by past drilling, sampling and similar examinations, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could adversely affect the Company's operations.

### (e) Payment Obligations

Under the mining and exploration tenements and licences and certain other contractual agreements to which the Company is or may in the future become a party, the Company is or may become subject to payment and other obligations. In particular, the Company has an obligation to meet the agreed expenditure budgets for each of its interests and, where the Company is not the manager, is reliant on the manager to maintain the exploration tenements and licences in 'good standing'. Failure to meet these work commitments will render the tenement or licence liable to be cancelled.

(f) Commodity Price Volatility

It is anticipated that any potential future revenues derived from mining will primarily be derived from the sale of uranium. Consequently, any future earnings are likely to be closely related to the price of this commodity and the terms of any off-take agreements that the Company enters into.

Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for base metals, forward selling by producers, and production cost levels in major metal-producing regions.

Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, the commodity as well as general global economic conditions. These factors may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(g) Competition

The Company competes with other companies, including major mineral exploration and production companies. Some of these companies have greater financial and other resources than Deep Yellow and, as a result, may be in a better position to compete for future business opportunities. Many of the Company's competitors not only explore for and produce minerals, but also carry out refining operations and other products on a worldwide basis. There can be no assurance that the Company can compete effectively with these companies.

(h) Title

All of the tenements in which the Company has or may earn an interest in will be subject to applications for renewal or grant (as the case may be). The renewal or grant of the term of each tenement is usually at the discretion of the relevant government authority.

(i) Joint Venture Risk

Where a joint venture partner does not act in the best commercial interest of the joint venture, it could have a material adverse effect on the interests of the Company.

Furthermore, the Directors are unable to predict the risk of:

- (i) financial failure, non compliance with obligations or default by a participant in any joint venture to which the Company is, or may become, a party; or
- (ii) insolvency or other managerial failure by any of the contractors used by the Company in its exploration activities; or
- (iii) insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

(j) Environmental

The Company's projects are subject to law and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mining projects, the projects of the Company have a variety of environmental impacts. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws.

The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop potentially economically viable mineral deposits.

Although Deep Yellow believes that it is in compliance in all material respects with all applicable environmental laws and regulations, there are certain risks inherent to its activities, such as accidental spills, leakages or other unforeseen circumstances, which could subject the Company to extensive liability.



Further, the Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Company's business, financial condition and results of operations.

### 4.3 General Investment Risks

#### (a) Securities Investment

Applicants should be aware that there are risks associated with any securities investment. The prices at which the Company's Shares trade may be above or below the Offer price, and may fluctuate in response to a number of factors.

Further, the stock market has experienced price and volume fluctuations. There can be no guarantee that these trading prices and volumes will be sustained. These factors may materially affect the market price of the Shares, regardless of Deep Yellow's operational performance.

#### (b) Share Market Conditions

The market price of the Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither Deep Yellow nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

#### (c) Economic Risk

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption, the rate of growth of a Country's gross domestic product, interest rates and the rate of inflation.

#### (d) Future Capital Needs and Additional Funding

The future capital requirements of the Company will depend on many factors including its business development activities. The Company believes its available cash and the net proceeds of this Offer should be adequate to fund its business development activities, exploration programme and other Company objectives in the short term, as stated in this Prospectus.

Should the Company require additional funding there can be no assurance that additional financing will be available on acceptable terms, or at all. Any inability to obtain additional finance, if required, would have a material adverse effect on the Company's business and its financial condition and performance.

#### (e) Policies and Legislation

Any material adverse changes in Federal or State government policies or legislation (including tax) of Australia or the Government policies or legislation of Namibia or any other country that the Company has economic interests may affect the viability and profitability of the Company.

5. Effect of the Issue

5.1 Capital Structure on Completion of the Issue

*Assuming Full Subscription*

Issued Capital	Notes	Number of Shares	Number of Options	Share Capital \$
Issued capital at the date of this prospectus		652,045,966	22,660,000	56,546,941
Offer	1 & 2	130,409,193	-	15,589,103
<b>Total securities after the Issue</b>	3	<b>782,455,159</b>	<b>22,660,000</b>	<b>72,136,044</b>

- 1 Assumes that the Offer is fully subscribed.
- 2 Assumes that costs associated with the Offer are \$60,000 with proceeds from the Offer being used as set out in 5.2.
- 3 The option holders have been notified and given an opportunity to exercise their options to acquire ordinary shares in the Company in order to participate in the pro rata issue. Full subscription as set out above assumes no options are exercised.

*Assuming Minimum Subscription*

Issued Capital	Notes	Number of Shares	Number of Options	Share Capital \$
Issued capital at the date of this prospectus		652,045,966	22,660,000	56,546,941
Offer	1 & 2	41,666,666	-	4,940,000
<b>Total securities after the Issue</b>	3	<b>693,712,632</b>	<b>22,660,000</b>	<b>61,486,941</b>

- 1 Assumes that the Offer achieves only minimum subscription.
- 2 Assumes that costs associated with the Offer are \$60,000 with proceeds from the Offer being used as set out in 5.2.
- 3 The option holders have been notified and given an opportunity to exercise their options to acquire ordinary shares in the Company in order to participate in the pro rata issue. The minimum subscription as set out above assumes no options are exercised.

5.2 Use of Funds

The funds to be raised from the Offer will be applied to the following areas:

Use of Funds	Minimum Subscription	Full Subscription
<b>Total Raised in the Offer</b>	<b>5,000,000</b>	<b>15,649,103</b>
<b>Exploration Work Programmes by Regional Project Area</b>		
Reptile Tenements	5,000,000	7,000,000
Northern Territory Tenements	-	1,000,000
South Australian Tenements	-	250,000
Western Australian Tenements	-	550,000
North West Uranium JV (Matrix Metals Ltd)	-	1,000,000
Western Gawler Craton JV (Dominion Mining Ltd)	-	750,000
	<b>5,000,000</b>	<b>10,550,000</b>
<b>New Project Evaluation and Working Capital</b>	-	5,099,103
<b>Funds Applied</b>	<b>5,000,000</b>	<b>15,649,103</b>

To the extent that the funds raised fall between the levels shown above, the Directors will determine the most appropriate level of expenditure by category and project area, however, the shortfall will be deducted firstly from new project evaluation and working capital and then exploration expenditure on a proportionate basis. The Directors are of the opinion that on completion of the Offer there will be sufficient working capital for the Company to meet its stated objectives. Expenses associated with the Offer will be met from current working capital. (Refer Section 6.9)

It is the Directors intention to place sufficient number of the Shortfall Securities to reach the \$20 million cash and receivables threshold being a requirement of the Raptor acquisition.

### 5.3 Proforma Statement of Financial Position

A pro forma balance sheet of Deep Yellow Limited after completion of the Entitlement Issue prepared on the basis of the unaudited accounts of the Company as at 30 September 2006 and adjusted for the following transactions or assumptions is set out on the next page of this Prospectus:

- 1) on 26 October 2007 the Company received a valid notice exercising 25,000,000 options held by Paladin Energy Minerals NL together with the exercise monies and the Directors resolved to issue 25,000,000 shares in the Company;
- 2) the first tranche consideration to be paid to Raptor in consideration for the acquisition consisting of the cash component (A\$2.58 million) and the share component (92 million shares in the Company. The cash consideration has been paid at the date of this Prospectus and the share consideration will be issued on 27 November 2006 under the terms of the Share Sale Agreement;
- 3) after adjustment for the above transactions the pro forma balance sheet sets out two scenarios: Scenario 1 where the full subscription is achieved and an issue of 130,409,193 New Shares is made pursuant to this Prospectus at an issue price of 12 cents, and Scenario 2 where only the minimum subscription is achieved and an issue of 41,666,666 New Shares is made pursuant to this Prospectus at an issue price of 12 cents; and
- 4) the estimated expenses of the Entitlement Issue as referred to in Section 6.10 of this Prospectus, being offset against the total proceeds of the issue.

*Proforma Statement of Financial Position*

	UNAUDITED 30 September 2006	UNAUDITED Proforma Full Subscription	UNAUDITED Proforma Minimum Subscription
<b>Current Assets</b>			
Cash Assets	13,587,614	26,721,706	16,072,614
Receivables	46,281	46,281	46,281
Other Financial Assets	223,545	223,545	223,545
<b>Total Current Assets</b>	<b>13,857,440</b>	<b>26,991,532</b>	<b>16,342,440</b>
<b>Non Current Assets</b>			
Other Financial Assets	365,943	365,943	365,943
Property, Plant and Equipment	245,786	245,786	245,786
Exploration Expenditure Carried Forward	8,167,102	23,167,102	23,167,102
Intangible Assets	1,636,366	1,636,366	1,636,366
<b>Total Non Current Assets</b>	<b>10,415,197</b>	<b>25,415,197</b>	<b>25,415,197</b>
<b>Total Assets</b>	<b>24,272,637</b>	<b>52,406,729</b>	<b>41,757,637</b>
<b>Current Liabilities</b>			
Payables	191,794	191,794	191,794
<b>Total Current Liabilities</b>	<b>191,794</b>	<b>191,794</b>	<b>191,794</b>
<b>Non Current Liabilities</b>			
Deferred Tax Liabilities	135,289	135,289	135,289
<b>Total Non Current Liabilities</b>	<b>135,289</b>	<b>135,289</b>	<b>135,289</b>
<b>Total Liabilities</b>	<b>327,083</b>	<b>327,083</b>	<b>327,083</b>
<b>Net Assets</b>	<b>23,945,554</b>	<b>52,079,646</b>	<b>41,430,554</b>
<b>Equity</b>			
Contributed Equity	56,493,400	84,627,492	73,978,400
Accumulated Losses	(34,304,179)	(34,304,179)	(34,304,179)
Equity Compensation Reserve	1,850,250	1,850,250	1,850,250
Asset Fair Value Adjustment Reserve	(93,917)	(93,917)	(93,917)
<b>Total Equity</b>	<b>23,945,554</b>	<b>52,079,646</b>	<b>41,430,554</b>

#### 5.4 Market Price of Shares

The highest and lowest market sale prices of the Company's Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest:	\$0.29	31 October 2006
Lowest:	\$0.125	20 September 2006

The latest available market sale price of the Company's Shares on ASX prior to the date of lodgement of this Prospectus with the ASIC was \$ 0.245 per Share on 2 November 2006.

#### 5.5 Dividend Policy

The New Shares will rank pari passu in all respects (including dividend and bonus issues) with all existing Shares in the capital of the Company from the date of allotment and issue. As the Company is an exploration company, the Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company. There have been no dividends paid by the Company up to the date of this Prospectus.

**6. Additional Information**

**6.1 Rights Attaching to New Shares**

The New Shares issued by the Company will rank equally in all respects with the Company's existing Shares.

The rights attaching to Shares arise from a combination of the Company's Constitution, statute and general law.

Copies of the Company's Constitution are available for inspection during business hours at the Company's registered office. The clauses of the Constitution contain the internal rules of the Company and define matters such as the rights, duties and powers of its Shareholders and Directors, including provisions to the following effect (when read in conjunction with the Corporations Act or Listing Rules):

(a) Shares

The issue of shares in the capital of the Company and options over unissued shares by the Company is under the control of the Directors, subject to the Corporations Act, Listing Rules and any rights attached to any special class of shares.

(b) Transfer of Shares

The Company participates in the electronic share registration and transfer system known as CHESS operated by ASX under the Security Clearing House Business Rules. Accordingly, the Company will issue holding statements in lieu of share certificates. The Company will not charge any fee for registering a transfer of shares. The Directors may refuse to register a transfer of shares, or request SCH to apply a holding lock to prevent a proper SCH transfer, in the circumstances identified in the Constitution or as otherwise permitted or required under the Corporations Act or Listing Rules.

(c) Meetings of Members

Directors may call a meeting of members whenever they think fit. Members may call a meeting as provided by Section 249D of the Corporations Act. The Constitution contains provisions prescribing the content requirements of notices of meetings of members and all members are entitled to a notice of meeting. A meeting may be held in two or more places linked together by audio-visual communication devices. A quorum for a meeting of members is two natural persons, each of whom is or represents different Shareholders who are eligible to vote.

The Company holds annual general meetings in accordance with the Corporations Act and the Listing Rules.

(d) Voting

Subject to any rights or restrictions for the time being attached to any shares or class of shares of the Company, each member of the Company is entitled to receive notice of, attend and vote at a general meeting. Resolutions of members will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. However, where a person present at a general meeting represents personally or by proxy, attorney or representative more than one member, on a show of hands the person is entitled to one vote only despite the number of members the person represents.

On a poll each eligible member has one vote for each fully paid share held and a fraction of a vote for each partly paid share determined by the amount paid up on that share.

(e) Directors

Under the provisions of the Constitution, unless changed by the Company in general meeting, the minimum number of Directors is three. The existing Directors and the Company in general meeting may appoint a new Director to fill a casual vacancy or as an addition to the Board. Any such Director must retire at the next following annual general meeting under the Constitution, (at which meeting he or she may be eligible for election as a Director). No Director, other than the Managing Director, may hold office for longer than three years without submitting him or herself for re-election at the next following annual general meeting.

The business of the Company is to be managed by or under the direction of the Directors. The Directors are not required by the Constitution to hold any shares in the Company.

(f) Dividends

Subject to any rights attaching to Shares which may in the future be issued with special or preferred rights, the Directors may fix the amount, the time for payment and the method of payment of a dividend. Subject to any special rights attaching to Shares (such as preference shares), dividends will be paid proportionately to the number of Shares held by each member. The Company is not required to pay any interest on dividends.

(g) Officers' Indemnities and Insurance

Under the Constitution, to the extent permitted by law, the Company indemnifies every person who is or has been a Director or Secretary of the Company against a liability incurred by that person in his or her capacity as a Director or Secretary provided that the liability does not arise out of conduct involving his or her own dishonesty, negligence, lack of good faith or breach of duty. The Company may also pay the premiums on Directors and officers liability insurance in accordance with Corporations Act.

(h) Winding Up

If on a winding up of the Company there remains a surplus, then under the Constitution and subject to any rights attaching to Shares which may in the future be issued with special or preferred rights, all assets representing the surplus that may be legally distributed among Shareholders shall be so distributed in proportion to the number of shares held by each Shareholder.

## 6.2 Material Contracts

The Directors are of the view that the Company's only material contract is the Share Sale Agreement (and related agreements) between the Company, RPL, Theseus Limited (as trustee of the Oyster Trust) and Maitland Trustees Limited (as trustee of the MGR Trust) (**Share Sale Agreement**).

The Share Sale Agreement provides for by acquisition by the Company of 100% of the shares in Raptor in two tranches. Reptile is a wholly owned subsidiary of Raptor.

Tranche 1 comprises payment by the Company of A\$2.58 million and the issue of 92 million ordinary shares in DYL at 13.5 cents each, to acquire 51% of Raptor.

Completion of the first tranche occurred on execution of the agreement, with transfer of 51% of the issued shares of Raptor to DYL against payment of the cash component of A\$2.58 million. The scrip component of the consideration for Tranche 1 will be issued on 27 November 2006. The Company has granted a charge over the Tranche 1 Raptor shares to secure performance of its obligation to issue the scrip consideration for those shares.

Tranche 2 involves the issue of up to a further 82 million ordinary shares in the Company at 13.5 cents each (equivalent to A\$11 million) to acquire the remaining 49% of Raptor. The issue of the scrip component of the consideration for Tranche 2 is subject to shareholder approval at the Company's AGM to be held on 30 November 2006. The completion of Tranche 2 is also subject to Foreign Investment Review Board (FIRB) approval in respect of the acquisition by the sellers of more than 15% of the Company. Should the shares to be issued to RPL upon completion of the second tranche exceed 19.9% of the issued capital of DYL at the time of issue, then that part of Tranche 2 that exceeds the 19.9% threshold will be settled in cash, to provide for the total second tranche consideration of A\$11 million.

The second tranche consideration will be escrowed until the date which is two years after the date of the Share Sale Agreement. The sellers will enter into a restriction agreement in terms broadly equivalent to Appendix 9B to the ASX Listing Rules in respect of all second tranche scrip consideration, and will agree to hold any second tranche cash consideration in an A\$ denominated account in Australia, for the period of the escrow.

The Vendors will have the right to receive further earn-out payments equal to 1.5% of the in-ground value of any identified mineral resource within the area of the tenements upon completion of a bankable feasibility study and the making of a decision to mine.

If FIRB and shareholder approval for Tranche 2 does not occur before 28 February 2007, the Company is liable to pay in cash, on a date agreed between the parties, being no later than 1 December 2007, the higher of (a) \$11 million plus interest at the rate of LIBOR plus 2% as from 1 March 2007; or (b) \$11 million plus the amount by which the weighted average sale price over the previous 25 trading days exceeds 13.5 cents multiplied by the number of shares that would have been issued if completion occurred on 28 February 2007.

The agreement obliges the Company to undertake a capital raising (which it is pursuing in the form of this Entitlement Issue) to achieve total consolidated cash and receivables of the DYL group of A\$20 million.

Subject to the Company's constitution and the requirements of the Corporations Act and Listing Rules, RPL is entitled to nominate one member of the Company's board and to representation proportional with its interests if the board is expanded. The director nominated for this purpose is Mr Mervyn Greene (see Section 1.5). The Vendors give representations and warranties which are usual for agreements of this type, subject to exclusions and limitations which are also of the usual form. The Vendors provide indemnities in respect of any breach of warranties. However there are no security arrangements or retention amounts in respect of any claims under indemnities in the agreement.

### **6.3 Material Litigation**

The Company is presently not party to any material litigation.

Certain third parties involved, at various times, in negotiations for the acquisition of interests in the Reptile Tenements, have asserted the existence of rights over or claims to the assets or interests of one or more of RML or Reptile, or a right to be involved in the agreement for the acquisition of RML by the Company, on the basis of the involvement of common directors in those negotiations over a period of time. As at the date of this Prospectus, the exact nature of these assertions, and the rights or claims involved, is unclear. However, based on the facts known to DYL as at the date of this Prospectus, DYL believes that there are no rights or claims against it in relation to such matters.

### **6.4 Company is a Disclosing Entity**

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules. Copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office.

Those obligations include being required to notify the ASX immediately of any information concerning the Company which it is, or becomes, aware of and which a reasonable person would expect to have a material effect on the price or value of the Shares. Exceptions apply for certain information which does not have to be disclosed.

Other documents that are required to be lodged include:

- (a) half yearly reports and annual financial statements, to be provided to ASX within 75 days of the end of each half and full year accounting period respectively; and
- (b) quarterly activities reports together with cash flow statements, to be lodged with the ASX within a specified time after the end of each quarterly accounting period.

### **6.5 Inspection and Copies of Documents**

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of the ASIC. The Company will provide free of charge to any person who requests it during the period of the Issue, a copy of:

- (a) the Annual Report of the Company for the year ended 30 June 2006, being the last financial year for which an annual financial report has been lodged with the ASIC in relation to the Company before the issue of this Prospectus;
- (b) the following continuous disclosure notices given by the Company to notify the ASX of information relating to the Company during the period from the date of lodgement of the Annual Report referred to in paragraph (a) and before the date of issue of this Prospectus:

<b>Date Lodged</b>	<b>Subject of Announcement</b>
28 September 2006	2006 Annual Report
9 October 2006	Napperby – Resource Drilling – Final Results
11 October 2006	Trading Halt
11 October 2006	Company Request for Trading Halt
13 October 2006	Merger to Secure Prospective Uranium Interests in Namibia
13 October 2006	Audio Broadcast
13 October 2006	Change of Director's Interest Notice
13 October 2006	Change of Director's Interest Notice
16 October 2006	Update on Audio Broadcast
24 October 2006	Form 603 Substantial Shareholder Notice
25 October 2006	Change of Director's Interest Notice
26 October 2006	Change in Substantial Holding from PDN
26 October 2006	Appendix 3B
27 October 2006	First Quarter Activities and Cashflow Report
27 October 2006	2006 Annual Report & Notice of Annual General Meeting
30 October 2006	MRX: Deep Yellow to Commence Uranium Drilling

The documents referred to in subparagraph (b) above (other than the Annual Report and Notice of Annual General Meeting, which are incorporated by reference pursuant to Section 712 of the Corporations Act) are not included in, and do not accompany, this Prospectus.

In addition, the following documents are available for inspection throughout the application period of this Prospectus during normal business hours at the registered office of the Company at Level 1, 329 Hay Street, Subiaco, Perth Western Australia:

- (c) this Prospectus;
- (d) the Company's Constitution; and
- (e) the consents referred to in Section 6.11 and the consents provided by the Directors to the issue of this Prospectus.

## **6.6 Directors' Interests**

Except as disclosed in this Prospectus, no Director or proposed Director, and no firm in which a Director or proposed Director is a partner:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Offer or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (b) has been paid or given or will be paid or given any amount or benefit to induce him or her to become, or to qualify as, a Director, or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Offer, except for Dr Leon Pretorius, who on joining the Board was issued with 15,000,000 unlisted options to acquire fully paid shares in the Company, and Mr Mervyn Greene who will, subject to shareholder approval at the Company's 2006 Annual General Meeting, be issued with 3,000,000 unlisted options to acquire fully paid shares in the Company and be entitled to other remuneration and benefits, as described more fully in the Annual Report and Notice of Annual General Meeting. (Refer Section 6.7 below).



Mr Mervyn Green is a potential beneficiary of the MGR Trust (which is a discretionary trust) and in that capacity may, depending on the exercise of the trustee's discretion, obtain a benefit under the Share Sale Agreement and related agreements with the Company (see Section 6.2 for further details).

## 6.7 Directors' Interests in Company Securities

No Director or proposed Director as at the date of this Prospectus has a relevant interest in any securities of the Company other than as set out below:

Director	Shares <sup>1</sup>	Shares <sup>2</sup>	Options
Leon Pretorius	50,000,000	-	-
Martin Kavanagh	-	375,000	5,000,000 <sup>3</sup>
Gillian Swaby	23,881,465	5,100,000	5,000,000 <sup>4</sup>

<sup>1</sup> Held directly

<sup>2</sup> Held by companies /related parties in which Directors have some voting and/or dispositive power

- Martin Kavanagh holds shares through 'Conway Bay Pty Ltd', trustee of the Kavanagh Superannuation Fund of which Mr Kavanagh is a beneficiary.
- Gillian Swaby holds shares through 'Strategic Consultants Pty Ltd', a company of which Ms Swaby is a Director and 100% beneficial shareholder.

<sup>3</sup> The options are issued to Conway Bay Pty Ltd and are exercisable as follows 3,000,000 at 25 cents each on or before 31/12/2008 and 2,000,000 at 35 cents each on or before 31/12/2008.

<sup>4</sup> The options issued to Ms Swaby are exercisable as follows 3,000,000 at 25 cents each on or before 31/12/2008 and 2,000,000 at 35 cents each on or before 31/12/2008.

Maitland Trustees Limited, as trustee of the MGR Trust, will be issued with Shares under the Share Sale Agreement (see Section 6.2 for further details). Mr Mervyn Greene is a potential beneficiary of the MGR Trust (which is a discretionary trust) and in that capacity may, depending on the exercise of the trustee's discretion, acquire a relevant interest in Shares.

At the time of lodging the Prospectus the Directors have indicated that they intend to take up their full entitlement as Shareholders under this Offer.

## 6.8 Directors' Remuneration and Interests

The Directors' remuneration in the form of fees, consultancy fees, service fees or other emoluments of this type, nature and amount for the twelve months to 30 June 2006 are set out below:

2006	Short Term		Post Employment	Share Based Payments	Total
	Base Emolument \$	Other Benefits \$	Superannuation Contributions \$	Value of Options \$	
L Pretorius	-	135,120	-	1,358,000	1,493,120
M Kavanagh	30,000	45,000	-	272,000	347,000
G Swaby	30,000	-	-	272,000	302,000

Of the current Directors, only Dr Pretorius received consulting fees in the year to 30 June 2005 amounting to \$5,000. Both Mr Kavanagh and Ms Swaby were appointed subsequent to the 2005 balance date.

More detail can be found in the Annual Report and specifically in Note 21 or in the Remuneration Report contained in the Directors Report.

All consulting and other services provided to the Company are based on normal commercial terms.

## 6.9 Interests of Other Persons

Except as disclosed in this Prospectus, no expert, promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Offer or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (b) has been paid or given or will be paid or given any amount or benefit in connection with the formation or promotion of the Company or the Offer.

Freehills will be paid approximately \$15,000 (including GST) in fees for legal services in connection with the Offer. Freehills also acted as Australian legal adviser to the Company in respect of the Raptor acquisition and in that capacity has been paid, or is entitled to receive, additional professional fees in the amount of approximately \$150,000. Freehills may be paid further amounts in accordance with its ordinary time charges.

## 6.10 Expenses of Issue

The estimated expenses of the Issue are as follows:

	\$
ASIC Lodgement fee	2,010
ASX quotation fee	14,000
Share registry expenses	13,000
Legal expenses	15,000
Printing, mailing and other expenses	15,990
<b>Total</b>	<b>60,000</b>

## 6.11 Consents

The following consents have been given in accordance with the Corporations Act and have not been withdrawn as at the date of lodgement of this Prospectus with the ASIC:

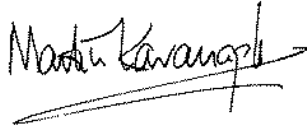
Freehills has given, and has not withdrawn, their written consent to being named in this Prospectus as solicitors to the Company. Freehills have not authorised or caused the issue of this Prospectus or the making of the Offer. Freehills make no representation regarding, and to the extent permitted by law exclude any responsibility for, any statements in or omissions from any part of this Prospectus.

Computershare Investor Services Pty Limited has given, and, as at the date hereof, has not withdrawn, its written consent to be named as share registrar in the form and context in which it is named. Computershare Investor Services Pty Limited has had no involvement in the preparation of any part of this Prospectus other than being named as share Registrar of the Company. Computershare Investor Services Pty Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Prospectus.

**7. Authorisation**

This Prospectus is authorised by each of the Directors and the proposed Director of the Company.

This Prospectus is signed for and on behalf of the Company by:

A handwritten signature in black ink, appearing to read "Martin Kavanagh", with a long horizontal stroke underneath.

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**Martin Kavanagh**  
**Executive Director**

Dated: 3 November 2006

## 8. Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

**"Acceptance"** means a valid application for New Shares made pursuant to this Prospectus on an Entitlement and Acceptance Form.

**"Annual Report"** means the financial report lodged by the Company with ASIC on 28 September 2006 in respect to the year ended 30 June 2006 and includes the corporate directory, chairman's report, review of activities, Shareholder information, financial report of the Company and its controlled entities for the year ended 30 June 2006, together with a Directors' Report in relation to that financial year and the Auditor's Report on that Financial Report.

**"Applicant"** means a person who submits an Entitlement and Acceptance Form.

**"Application Monies"** means application monies for New Shares received by the Company.

**"ASIC"** means Australian New Shares and Investments Commission.

**"ASTC"** means ASX Settlement and Transfer Corporation Pty Ltd ACN 008 504 532.

**"ASX"** means Australian Stock Exchange Limited ACN 008 129 164.

**"Board"** means the Directors of the Company meeting as a board.

**"Business Day"** means Monday to Friday inclusive, other than a day that ASX declares is not a business day.

**"BVI"** means British Virgin Islands.

**"CHESS"** means ASX Clearing House Electronic Subregistry System.

**"Closing Date"** means 1 December 2006 or such later date as the Directors may determine.

**"Company"** or **"DYL"** or **"Deep Yellow"** means Deep Yellow Limited ACN 006 391 948.

**"Constitution"** means the constitution of the Company as at the date of this Prospectus.

**"Corporations Act"** means the Corporations Act (Cth) 2001.

**"Directors"** means the Directors of the Company as at the date of this Prospectus.

**"Eligible Shareholder"** means a person registered as the holder of Shares on the Record Date whose registered address is in Australia or New Zealand.

**"Entitlement"** means the right of a Shareholder to subscribe for New Shares offered by this Prospectus.

**"Entitlement and Acceptance Form"** or **"Form"** means the entitlement and acceptance form attached to this Prospectus that sets out the entitlement of Shareholders to subscribe for New Shares pursuant to the Issue.

**"Financial Report"** means the financial report of the Company within the meaning of the Corporations Act.

**"Issue"** or **"Offer"** means the non renounceable pro rata offer by the Company pursuant to this Prospectus of up to 130,409,193 New Shares, each at 12 cents to Eligible Shareholders on the basis of one New Share for every 5 Shares held at the Record Date.

**"Issuer Sponsored"** means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

**"Listing Rules"** means the Listing Rules of ASX.

"**New Shares**" means Shares issued pursuant to this Prospectus.

"**Offer Price**" means 12 cents for every New Share.

"**Official List**" means the official list of ASX.

"**Official Quotation**" means quotation of New Shares on the Official List.

"**Prospectus**" means this prospectus dated 3 November 2006.

"**Raptor**" means Raptor Minerals Limited, a company registered in the BVI.

"**Reptile**" means Reptile Mineral Resources and Exploration (Pty) Limited, a Company registered in Namibia.

"**Reptile Tenements**" means Exclusive Prospecting Licences EPL 3496, 3497 and 3499 and application for Exclusive Prospecting Licence EPL 3498, under the Minerals Act 1992 or Namibia.

"**Record Date**" means 5.00pm (WST) on 15 November 2006 being the date for the determination of entitlements of Shareholders of the Company to participate in the Offer.

"**RPL**" means Raptor Partners Limited, a company registered in the BVI.

"**Section**" means a section of this Prospectus.

"**SCH**" means Securities Clearing House.

"**Shareholders**" means holders of Shares.

"**Share**" means an ordinary fully paid share in the capital of the Company.

"**Share Sale Agreement**" has the meaning given to that term in Section 6.2.

"**Shortfall Securities**" means that number of Shares that have not been applied for by Shareholders in respect of their Entitlement by the Closing Date.

"**Shortfall Application Form**" means the application for to subscribe for Shortfall Securities.

"**\$**" means Australian dollars.

"**WST**" means Western Standard Time, being the time in Perth, Western Australia.

## Appendix 3B

### New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

DEEP YELLOW LIMITED

ABN

97 006 391 948

We (the entity) give ASX the following information.

#### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |  |   |
|---|--|---|
| 1 | +Class of +securities issued or to be issued   | Ordinary Shares   |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | 130,409,193<br>(To be confirmed depending on acceptances) |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | N/A   |

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>Upon closure of the offer the shares to be issued will rank equally with those already on issue.</p>				
<p>5 Issue price or consideration</p>	<p>12 cents</p>				
<p>6 Purpose of the issue          (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>To provide funds to assist with the review and exploration of tenements prospective for Uranium, including and specifically to ensure adequate funding for those tenements recently acquired in Namibia and in addition the Company's existing projects in Australia.</p>				
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>11 December 2006</p>				
<p>8 Number and +class of all +securities quoted on ASX          (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="687 1433 991 1473">Number</th> <th data-bbox="995 1433 1286 1473">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="687 1473 991 1686">782,455,159 (To be confirmed depending on acceptances)</td> <td data-bbox="995 1473 1286 1686">ORD</td> </tr> </tbody> </table>	Number	+Class	782,455,159 (To be confirmed depending on acceptances)	ORD
Number	+Class				
782,455,159 (To be confirmed depending on acceptances)	ORD				

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+ See chapter 19 for defined terms.

9	Number and *class of all *securities not quoted on ASX (including the securities in clause 2 if applicable)	Number	*Class
		160,000 1/1/07 at 35c	Unlisted options
		12,500,000 31/7/08 at 11.5c	“ “
		6,000,000 31/12/08 at 24.5c	“ “
		4,000,000 31/12/08 at 34.5c	“ “
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A	

## Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	No
12	Is the issue renounceable or non-renounceable?	Non renounceable
13	Ratio in which the *securities will be offered	1 for 5
14	*Class of *securities to which the offer relates	Ordinary Securities
15	+Record date to determine entitlements	15 November 2006
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Yes
17	Policy for deciding entitlements in relation to fractions	Fractions will be rounded down.
18	Names of countries in which the entity has *security holders who will not be sent new issue documents  <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	

+ See chapter 19 for defined terms.



**Appendix 3B**  
**New issue announcement**

19	Closing date for receipt of acceptances or renunciations	1 December 2006
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of <sup>+</sup> security holders	N/A
25	If the issue is contingent on <sup>+</sup> security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	16 November 2006
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Option holders will be sent a notice as at the date of this announcement.
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do <sup>+</sup> security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do <sup>+</sup> security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do <sup>+</sup> security holders dispose	N/A

+ See chapter 19 for defined terms.

of their entitlements (except by sale through a broker)?

33 \*Despatch date

11 December 2006

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

34 Type of securities  
(tick one)

(a)  Securities described in Part 1

(b)  All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

#### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

35  If the \*securities are \*equity securities, the names of the 20 largest holders of the additional \*securities, and the number and percentage of additional \*securities held by those holders

36  If the \*securities are \*equity securities, a distribution schedule of the additional \*securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over

37  A copy of any trust deed for the additional \*securities

#### Entities that have ticked box 34(b)

38 Number of securities for which \*quotation is sought

39 Class of \*securities for which quotation is sought

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

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41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

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42 Number and +class of all +securities quoted on ASX (*including* the securities in clause 38)

Number	+Class

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+ See chapter 19 for defined terms.

**Quotation agreement**

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



3 November 2006

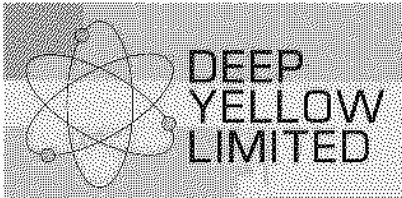
Sign here: ..... Date: .....  
(Director/Company secretary)

Print name: Mark Pitts  
.....

=====

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+ See chapter 19 for defined terms.



ABN 97 006 391 948

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3 November 2006

(SHAREHOLDER)  
(ADDRESS)

Dear Shareholder

### **Deep Yellow Limited (Deep Yellow) Entitlement Issue – Notification Details**

On 13 October 2006 Deep Yellow announced a 1 for 5 non-renounceable Entitlement Issue of up to 130,409,193 new shares at an issue price of 12 cents per share. The issue will raise a maximum of \$15,649,103 if all of the Entitlements are taken up.

The issue is conditional on the company receiving minimum subscriptions of \$5,000,000.

On 3 November 2006 Deep Yellow lodged a Prospectus setting out the details of the Entitlement Issue with the Australian Securities and Investments Commission.

A copy of the Prospectus was also lodged with the Australia Stock Exchange Ltd (ASX) on the same date, and is available on the websites for ASX and Deep Yellow.

It is anticipated that the Prospectus will be sent to all shareholders in Australia and New Zealand on 16 November 2006.

### **Foreign Shareholders**

Shareholders with registered addresses in the Channel Islands, United Kingdom, Hong Kong, Ireland, India, Malaysia, Saudi Arabia, Singapore, Taiwan, South Africa, Germany, Greece, Papua New Guinea, China, Spain, France, Indonesia, Japan, Mauritius, Namibia, New Caledonia, Vanuatu and the United States are not eligible to participate in the issue.

### **Summary of Key Information**

A summary of key information is set out below for your information:

Type of Offer	Non renounceable Entitlement Issue of up to 130,409,193 new ordinary fully paid shares
Offer Price	12 cents per share
Offer Ratio	1 new share for every 5 held at the record date

## Proposed Timetable

The current proposed timetable for the Entitlement Issue is set out below. The dates are indicative only and Deep Yellow reserves the right to vary the dates subject to the Corporations Act 2001, the ASX Listing Rules and other applicable law.

Prospectus date	3 November 2006
Record Date (for determining shareholders' entitlement to receive an issue of new shares under the Rights Issue)	15 November 2006
Entitlement and Acceptance form and Prospectus dispatched to Shareholders	16 November 2006
Closing date of Entitlement Issue	1 December 2006
Notify ASX of under subscriptions	6 December 2006
Dispatch of Shareholder Statements	11 December 2006

## Dealing with Entitlements

The Entitlement Issue is non-renounceable, which means if shareholders do not wish to take up their entitlement they cannot sell their entitlement it simply lapses.

Accordingly Shareholders have the following options in relation to the Entitlement Issue:

- Take up their Entitlement in full
- Take up part of their Entitlement
- Allow their Entitlement to lapse

The Entitlement Issue is not underwritten and the Directors have reserved the right to place any shortfall.

For further information on your entitlement please contact your stockbroker or Deep Yellow's share registrar:

Computershare Investor Services Pty Limited

Telephone: 1300 557 010 (within Australia) or +61 3 9415 4000 (outside Australia)

Facsimile: (08) 9323 2033 (within Australia) or +61 8 9323 2033 (outside Australia)

Yours faithfully



**MARK PITTS**  
*Company Secretary*