

**DEEP YELLOW LIMITED**  
**ABN 97 006 391 948**

**NOTICE OF GENERAL MEETING AND  
EXPLANATORY STATEMENT**

**For a General Meeting to be held on  
Tuesday, 30 August 2005 at 10.00 am  
at The Celtic Club  
48 Ord Street  
West Perth WA 6005**

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*This is an important document. Please read it carefully.*

*If you are unable to attend the General Meeting, please complete the form of proxy enclosed and return it in accordance with the instructions set out on that form.*

**DEEP YELLOW LIMITED**  
**ABN 97 006 391 948**  
**NOTICE OF GENERAL MEETING**

Notice is given that a General Meeting of Shareholders of Deep Yellow Limited (**Deep Yellow or Company**) will be held at The Celtic Club, 48 Ord Street, West Perth, WA at 10 am on Tuesday, 30 August 2005.

**AGENDA**

The Explanatory Statement that accompanies and forms part of this Notice of Meeting describes the matters to be considered as special business.

**ORDINARY BUSINESS**

**Resolution 1 – Ratification of Allotment and Issue of Shares**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purpose of Listing Rule 7.4 of the Listing Rules of the Australian Stock Exchange Limited and for all other purposes, the Company approves and ratifies the allotment and issue of 40,000,000 fully paid ordinary shares in the capital of the Company at an issue price of 5 cents each to parties introduced through D J Carmichael Pty Ltd, the sponsoring broker to the offer, and otherwise on the terms and conditions set out in the Explanatory Statement accompanying this Notice."*

**Short Explanation:** Approval is sought under Listing Rule 7.4 to allow the Company to ratify the issue and allotment of these securities. Please refer to the Explanatory Statement for details.

**Voting Exclusion:** The Company will disregard any votes cast on this resolution by a person who participated in the issue and any associates of those persons.

**Resolution 2 – Approval to issue options to Dr Leon Pretorius or nominee**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of Listing Rule 10.11 of the Listing Rules of the Australian Stock Exchange Limited and all other purposes, the Company approves and authorises the Directors to grant to Dr Leon Pretorius or nominee 5,000,000 options to subscribe for ordinary fully paid shares in the capital of the Company at an exercise price of 5 cents each on or before 31 December 2007, 5,000,000 options to subscribe for ordinary fully paid shares in the capital of the Company, vesting on 1 June 2006, at an exercise price of 5 cents each on or before 31 December 2007 and 5,000,000 options to subscribe for ordinary fully paid shares in the capital of the Company, vesting on 1 June 2007, at an exercise price of 7.5 cents each on or before 31 December 2008, to be issued on the terms and conditions set out in section 2.4.3 of the Explanatory Memorandum accompanying this Notice of Meeting"*

**Short Explanation:** Under the ASX Listing Rules, an issue of securities to a director (or entities controlled by a director) requires prior shareholder approval. Dr Leon Pretorius is a Director of the Company. For the purposes of ASX Listing Rule 10.11, shareholder approval is being sought to allow Dr Pretorius to be issued securities in the Company. Please refer to the Explanatory Statement for further details.

**Voting Exclusion:** The Company will disregard any votes cast on this resolution by Dr Pretorius and any of his associates.

**Resolution 3 – Re-election of Dr Leon Pretorius as a Director**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That Dr Leon Pretorius, being a Director of the Company, who was appointed on 7 June 2005 retires in accordance with the Company's Constitution, being eligible and offering himself for re-election, be appointed as a Director of the Company."*

#### **Resolution 4 – Approval to issue and allot Shares to Tanami Gold NL**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 7.1 of the Listing Rules of Australian Stock Exchange Limited and for all other purposes, approval is given for the Company to be authorised to issue and allot 30,000,000 fully paid ordinary shares at a deemed issue price of 5 cents each to Tanami Gold NL on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”*

**Short Explanation:** Approval is sought under Listing Rule 7.1 to allow the Company to issue and allot of these securities. Please refer to the Explanatory Statement for details.

**Voting Exclusion:** The Company will disregard any votes cast on this resolution by any person who may participate in the proposed issue and any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed and any associate of any such person.

#### **Resolution 5 – Approval to issue and allot Shares to AI Minerals Ltd**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 7.1 of the Listing Rules of Australian Stock Exchange Limited and for all other purposes, approval is given for the Company to be authorised to issue and allot 3,000,000 fully paid ordinary shares at a deemed issue price of 12.2 cents each, which deemed issue price is based upon the five day volume weighted average price of Shares traded on ASX immediately prior to the execution date of the agreement, to AI Minerals Ltd on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”*

**Short Explanation:** Approval is sought under Listing Rule 7.1 to allow the Company to issue and allot of these securities. Please refer to the Explanatory Statement for details.

**Voting Exclusion:** The Company will disregard any votes cast on this resolution by any person who may participate in the proposed issue and any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed and any associate of any such person.

#### **Resolution 6 – Approval to issue and allot Shares to Paladin Resources Ltd**

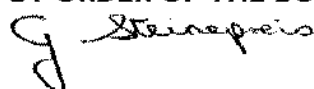
To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 7.1 of the Listing Rules of Australian Stock Exchange Limited and for all other purposes, approval is given for the Company to be authorised to issue and allot 7,500,000 fully paid ordinary shares at a deemed issue price of 12.2 cents each, which deemed issue price is based upon the five day volume weighted average price of Shares traded on ASX immediately prior to the execution date of the agreement, and 12,500,000 options exercisable at 12 cents on or before 31 July 2008, to Paladin Resources Ltd on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”*

**Short Explanation:** Approval is sought under Listing Rule 7.1 to allow the Company to issue and allot of these securities. Please refer to the Explanatory Statement for details.

**Voting Exclusion:** The Company will disregard any votes cast on this resolution by any person who may participate in the proposed issue and any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed and any associate of any such person.

**DATED THIS 20th DAY OF JULY 2005  
BY ORDER OF THE BOARD**



**Gary Steinepreis  
Director**

**NOTES:**

1. A shareholder of the Company who is entitled to attend and vote at a general meeting of shareholders is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a shareholder of the Company.
2. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
3. For the purposes of Section 1109N of the Corporations Act, the Directors have set a snapshot date to determine the identity of those entitled to attend and vote at the Meeting. The snapshot date is 28 August 2005.

**TIME AND PLACE OF MEETING AND HOW TO VOTE****Venue**

The General Meeting of the Shareholders of Deep Yellow Limited will be held at:

**The Celtic Club  
48 Ord Street  
West Perth WA 6005**

**Commencing  
10.00 am  
on Tuesday, 30 August 2005**

**How to Vote**

You may vote by attending the meeting in person, by proxy or authorised representative.

**Voting in Person**

To vote in person, attend the meeting on the date and at the place set out above. The meeting will commence at 10.00am.

**Voting by Proxy**

To vote by proxy, please complete and sign the proxy form enclosed with this Notice of General Meeting as soon as possible and either:

- send the proxy by facsimile to the Company on facsimile number (08) 9481 2690 (International: + 61 8 9481 2690); or
- deliver to Level 1, 33 Ord Street, West Perth WA 6005 or PO Box 637, West Perth WA 6872;

so that it is received not later than 10.00am on 28 August 2005.

**Your proxy form is enclosed.**

## EXPLANATORY STATEMENT

This Explanatory Statement and all attachments are important documents. They should be read carefully.

### 1. GENERAL INFORMATION

This Explanatory Statement has been prepared for the shareholders of the Company in connection with the General Meeting.

### 2. THE RESOLUTIONS

#### 2.1 Background

The Company has been actively pursuing new opportunities to diversify its exploration package in terms of regional and geographical exposure in Australia.

#### 2.2 Capital structure

The capital structure of the Company following completion of the matters contained in the Notice of Meeting is summarised below:

	<b>Shares Number</b>
Shares on Issue prior to issue of Prospectus on 19 May 2005	348,067,583
Resolution 1 - Placement of 40,000,000 shares at 5 cents	40,000,000
Resolution 4 - Approval to issue and allot Shares to Tanami Gold NL	30,000,000
Resolution 5 - Approval to issue and allot Shares to AI Minerals Ltd	3,000,000
Resolution 6 - Approval to issue and allot Shares to Paladin Resources Ltd	7,500,000
	<b>428,567,583</b>
<b>OPTIONS</b>	
Resolution 2 - Unlisted options exercisable at 5 cents each on or before 31 December 2007, vest upon issue	5,000,000
Resolution 2 - Unlisted options exercisable at 5 cents each on or before 31 December 2007, vest 1 June 2006	5,000,000
Resolution 2 - Unlisted options exercisable at 7.5 cents each on or before 31 December 2008, vest 1 June 2007	5,000,000
Resolution 6 - Unlisted options exercisable at 12 cents each on or before 31 July 2008	12,500,000
Unlisted options exercisable at 1 cent each on or before 31 December 2007	40,750,000
Unlisted options exercisable at 2 cents each on or before 31 December 2007	10,000,000
Unlisted options exercisable at 50 cents each on or before 31 December 2005	1,500,000
Unlisted options exercisable at 35 cents each on or before 1 January 2007	160,000
	<b>79,910,000</b>

Note: As part of the Company's change of focus on developing its Australian assets, Deep Yellow has agreed to sell its Tanzanian prospecting licences to Uranium Resources plc, a company listed on the London Stock Exchange's AIM market, in consideration for £50,000 in cash and 6,000,000 shares valued at approximately £180,000 (a total consideration of approximately A\$575,000). Completion of the transaction is conditional upon Deep Yellow obtaining shareholder approval and compliance with the Listing Rules of the ASX. A Notice of Meeting will be prepared as soon as possible to consider this transaction.

## **2.3 Resolution 1 – Ratification of Allotment and Issue of Shares**

On 19 May 2005, the Company issued a prospectus for the placement of 40,000,000 Shares at 5 cents each to parties introduced by the sponsoring broker to the offer, DJ Carmichael Pty Ltd, to raise \$2,000,000 (before costs of approximately \$125,000) to be used by the Company to address the following activities:

- Exploration programme (drilling) for the Company's Napperby project in the Northern Territory;
- Initial exploration work for the Company's North East Arunta project in the Northern Territory;
- Initial exploration work for the Company's projects in Tanzania;
- Capital to be used to acquire new projects if and when identified; and
- General working capital.

The placement was fully subscribed and, following receipt of the placement funds, the 40,000,000 Shares were issued on 7 June 2005.

These Shares were issued within the 15% limit permitted under Listing Rule 7.1, without the need for shareholder approval. The reason for an approval under ASX Listing Rule 7.4 is to reinstate the capacity of the Company to issue up to 15% of its securities without the approval of its shareholders. The issue and allotment of securities did not breach Listing Rule 7.1.

The following information is provided to shareholders for the purposes of obtaining shareholder approval pursuant to the ASX Listing Rules:

- (a) the number of Shares issued by the Company was 40,000,000;
- (b) the price at which the Shares were issued was 5 cents;
- (c) the Shares rank equally with the existing Shares on issue;
- (d) the Shares were issued to parties introduced by the sponsoring broker to the offer, DJ Carmichael Pty Ltd; and
- (e) the intended use of the funds raised is as set out above.

## **2.4 Resolution 2 – Approval to issue options to Dr Leon Pretorius or nominee**

### **2.4.1 Background**

Dr Pretorius is a geochemist and brings to Deep Yellow 34 years experience and an intimate knowledge of the uranium industry in both Australia and Africa. Until April this year he served for two years as an Executive Director of Paladin Resources Limited. He will continue his relationship with Paladin as a consultant.

Dr Pretorius was appointed a Non-executive Director of the Company on 7 June 2005.

The appointment of Dr Pretorius significantly enhances Deep Yellow's ability to grow its business in uranium exploration and development through Dr Pretorius' experience, contacts and technical expertise.

As part of the consideration for Dr Pretorius joining the Company, the board has resolved, subject to shareholder approval, to issue him with the options.

Shareholder approval is sought to issue and allot the options to Dr Pretorius or his nominee.

The ASX Listing Rules set out a number of regulatory requirements which must be satisfied. These are summarised below.

## 2.4.2 Listing Rule 10.11

ASX Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities (including options) to a related party of the Company.

If Resolution 2 is passed, securities will be issued to Dr Pretorius, who is a related party of the Company.

Accordingly, approval for the issue of securities to Dr Pretorius is required pursuant to ASX Listing Rule 10.11.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the options to Dr Pretorius as approval is being obtained under ASX Listing Rule 10.11. Shareholders should note that the issue of securities to Dr Pretorius will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

Listing Rule 10.13 requires certain information to accompany the Notice in relation to the approval sought under Listing Rule 10.11. This information is set out below.

- (a) shareholder approval is sought for the issue of:
  - i. 5,000,000 options to Dr Leon Pretorius or nominee exercisable at 5 cents each on or before 31 December 2007;
  - ii. 5,000,000 options to Dr Leon Pretorius or nominee, vesting on 1 June 2006 and exercisable at 5 cents each on or before 31 December 2007;
  - iii. 5,000,000 options to Dr Leon Pretorius or nominee, vesting on 1 June 2007 and exercisable at 7.5 cents each on or before 31 December 2008;
- (b) the maximum number of options to be issued and allotted is 15,000,000;
- (c) the abovementioned options will be issued and allotted within one (1) month after the date of the Meeting;
- (d) no cash consideration will be payable on, or in respect of, the issue and allotment of the options as they are being issued as part of the consideration for Dr Pretorius joining the Company;
- (e) the material terms and conditions of the options are set out below in section 2.2.3.

## 2.4.3 Terms and conditions of executive options

The material terms and conditions of the executive options are as follows:

- (a) each option entitles the holder, when exercised, to one Share;
- (b) subject to these terms and conditions, the vesting date, expiry date and exercise price of the options are as follows:

Allocation	Vesting Date	Expiry date	Exercise Price
5,000,000	Upon issue	31 December 2007	5 cents
5,000,000	1 June 2006	31 December 2007	5 cents
5,000,000	1 June 2007	31 December 2008	7.5 cents

- (c) With regards to the options, should a Director, Executive, Officer, Staff or Consultant cease to hold office, employment and/or consulting as the case may be with the Company

for any reason whatsoever (except where such cessation occurs as a result of a change in control of the Company, with a change in control being where a shareholder or group of associated shareholders become entitled to sufficient shares in the Company to give it or them the ability to replace all or a majority of the Board of the Company), the relevant outstanding existing options of that Director, Executive, Officer, Staff or Consultant or their nominee shall be forfeited and all rights and/or benefits in relation to those options shall also be forfeited after a period of 3 months from the date of cessation of holding office, employment and/or consulting as the case may be.

- (d) an option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the option can be exercised;
- (e) the options are not transferable;
- (f) the options are exercisable by delivering to the registered office of the Company a notice in writing stating the intention of the option holder to exercise a specified number of options, accompanied by an option certificate, if applicable, and a cheque made payable to the Company for the subscription monies due, subject to the funds being duly cleared funds. The exercise of only a portion of the options held does not affect the holder's right to exercise the balance of any options remaining;
- (g) the date from which the options become exercisable shall be as listed in column two of the table in section 2.4.3(b), provided that:
  - i. the Board of the Company may, in its absolute discretion, elect to bring forward the date from which un-exercised options become exercisable where the holder has introduced a substantial project or corporate deal to the Company; and
  - ii. in the event that a takeover offer is made for the Company, the date by which un-exercised options become exercisable shall be brought forward to the date that the Bidder's Statement is despatched to shareholders of the Company.
- (h) application will not be made by the Company to ASX for official quotation of the options.
- (i) all Shares issued upon exercise of the options will rank pari passu in all respects with the Company's then ordinary issued Shares. The Company will apply for official quotation by ASX of all Shares issued upon exercise of the options;
- (j) there are no participating rights or entitlements inherent in the options and the holder will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least seven (7) business days after the issue is announced. This will give the option holder the opportunity to exercise their options prior to the date for determining entitlements to participate in any such issue;
- (k) if at any time the issued capital of the Company is reconstructed, all rights of the option holder are to be changed in a manner consistent with the ASX Listing Rules; and
- (l) in the event the Company makes a pro rata issue of securities, the exercise price of the options will change in accordance with the formula set out in Listing Rule 6.22.2.

## **2.5 Resolution 3 – Re-election of a director - Dr Leon Pretorius**

The Company's Constitution requires that at a General Meeting following the appointment of an additional Director that the Director shall retire. Dr Pretorius was appointed as a Director on 7 June 2005 accordingly retires and seeks re-election.

Details of Dr Pretorius' experience and qualifications are set out in section 2.4.1 above.

The Board supports the re-election of Dr Pretorius.



## 2.6 Resolution 4 – Approval to issue and allot Shares to Tanami Gold NL

On 28 June 2005, the Company agreed to acquire the rights to Tanami Gold NL's and Tanami Exploration NL's entire interest in any uranium minerals in their tenements in the Tanami-Arunta Province covering both the Northern Territory and Western Australia, subject to shareholder approval and regulatory and third party consents. This acquisition will provide Deep Yellow with access to an extensive exploration package containing numerous prospective targets for uranium exploration and builds on the Company's existing commitment to exploration in the Northern Territory via its Napperby and Northeast Arunta Projects.

In the 1970's and early 1980's extensive uranium exploration programs were conducted in the Alice Springs region where companies had access to Crown Land. Numerous small vein-type **Metasomatic** uranium occurrences were located in the highly metamorphosed granulite facies complexes in the Harts Range area. Outcropping **Sandstone - Hosted** deposits at Bigrlyi and Angela and the **Surficial** calcrete – hosted deposits at New Well and Currinya were also discovered together with numerous other occurrences and radiometric anomalies.

Although a significant uranium footprint was identified in the district the real focus at the time was on the discovery of the world-class Alligator Rivers uranium field in the 'top-end' of the Northern Territory, **leaving the Alice Springs region under-explored.**

### Consideration

The consideration comprises:

1. \$400,000 cash; and
2. 15,000,000 ordinary shares in Deep Yellow; and
3. 15,000,000 ordinary shares in Deep Yellow subject to escrow for 18 months.

ASX Listing Rule 7.1 provides that the prior approval of the Shareholders of the Company is required for an issue of equity securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

The 30,000,000 Shares proposed to be issued by the Company pursuant to Resolution 4 will exceed the 15% threshold referred to in Listing Rule 7.1 and, accordingly, Shareholder approval under Listing Rule 7.1 is sought.

The proposed issue of securities to Tanami Gold NL is placed before Shareholders to allow the securities to be excluded from the calculation set out in ASX Listing Rule 7.1.

The following information is provided to shareholders for the purposes of obtaining shareholder approval pursuant to the ASX Listing Rules:

- (a) the maximum number of securities to be issued is 30,000,000 Shares of which 15,000,000 Shares will be voluntarily escrowed for a period of 18 months from their date of issue;
- (b) no funds will be raised by the issue of the 30,000,000 Shares as they will be issued in consideration for the acquisition by the Company of all of the rights to Tanami Gold NL's and Tanami Exploration NL's entire interest in any uranium minerals in their tenements in the Tanami-Arunta Province;
- (c) it is anticipated that all securities will be issued on one date (upon completion) and in any event no later than 3 months after the date of the Meeting;
- (d) the 30,000,000 Shares will be allotted to Tanami Gold NL; and
- (e) the Shares will rank equally with the existing Shares on issue.

## 2.7 Resolution 5 – Approval to issue and allot Shares to AI Minerals Ltd

On 15 July 2005, the Company agreed to acquire from AI Minerals tenements in an area with potential uranium hosting sediments in the Ponton Region east of Kalgoorlie, known as the Ponton North Project, and also sell its 50% interest in the Mikado Joint Venture to AI Minerals Ltd, including the transfer of the tenement bonds. The transaction is subject to shareholder approval, regulatory approval, Deep Yellow due diligence and the approval of the trustee of creditors of the creditors trust established under the deed of company arrangement to which the Company is subject.

The acquisition will deliver to Deep Yellow applications covering approximately 1,150 km<sup>2</sup> and containing Tertiary palaeochannels considered highly prospective for uranium and which connect the Mulga Rocks Deposits, reported by PNC Exploration (Australia) Pty Ltd, to the north, with Paladin Resources NL's Ponton Project to the south.

Uranerz drilled the area in the 1980's and outlined a well defined Tertiary palaeochannel drainage system. This work outlined the Driller's Corner Prospect which detected uranium mineralisation up to 0.14% from widespaced drilling. Two 2km x 0.5km anomalous areas having greater than 0.02% U<sub>3</sub>O<sub>8</sub> were delineated during this work confirming highly uraniferous waters flowed through these channel systems.

Potential for roll-front type uranium deposits suitable for in-situ leaching exists where oxidised uranium bearing groundwaters entered into the reduced sediments occupying the deeper parts of the channels.

### **Consideration**

The consideration for the acquisition is the issue and allotment of 3,000,000 ordinary shares in Deep Yellow, which will be subject to a voluntary escrow for 12 months.

ASX Listing Rule 7.1 provides that the prior approval of the Shareholders of the Company is required for an issue of equity securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

The 3,000,000 Shares proposed to be issued by the Company pursuant to Resolution 5 will exceed the 15% threshold referred to in Listing Rule 7.1 and, accordingly, Shareholder approval under Listing Rule 7.1 is sought.

The proposed issue of securities to AI Minerals Ltd is placed before Shareholders to allow the securities to be excluded from the calculation set out in ASX Listing Rule 7.1.

The following information is provided to shareholders for the purposes of obtaining shareholder approval pursuant to the ASX Listing Rules:

- (a) the maximum number of securities to be issued is 3,000,000 Shares which will be voluntarily escrowed for a period of 12 months from their date of issue;
- (b) no funds will be raised by the issue of the 3,000,000 Shares as they will be issued in consideration for the acquisition of the Ponton North Project;
- (c) it is anticipated that all securities will be issued on one date (upon completion) and in any event no later than 3 months after the date of the Meeting;
- (d) the 3,000,000 Shares will be allotted to AI Minerals Ltd; and
- (e) the Shares will rank equally with the existing Shares on issue.

## **2.8 Resolution 6 – Approval to issue and allot Shares and Options to Paladin Resources Ltd**

On 15 July 2005, the Company agreed to acquire Paladin Resources Ltd's (Paladin) 90% interest in the Siccus Joint Venture in the Frome Basin of South Australia is the Company's first foray into the South Australian uranium exploration province. This acquisition coupled with the acquisition of an exclusive licence to Paladin's Frome Basin database is expected to deliver to Deep Yellow a strong competitive advantage in this uranium province.

The Frome Basin of South Australia is located 500km north of Adelaide and is roughly 50,000 km<sup>2</sup> in size. Uranium exploration commenced in 1968 and continued until the early 1980's, focusing on targets occurring within Tertiary palaeochannel systems. Two substantial uranium deposits, Beverley and Honeymoon were discovered in this period. Beverley is the third operating uranium mine in Australia and is successfully utilizing In-Situ Leach (ISL) mining technology.

Previous work undertaken by Paladin has indicated that the region contains numerous radiometric downhole anomalies and other prospective targets that remain untested.

### **Consideration**

To acquire the 90% interest in the Siccus Joint Venture and an exclusive licence to the database Deep Yellow has agreed to issue Paladin 7,500,000 ordinary shares and 12,500,000 options exercisable at 12 cents each on or before 31 July 2008.

ASX Listing Rule 7.1 provides that the prior approval of the Shareholders of the Company is required for an issue of equity securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

The 7,500,000 Shares and 12,500,000 Options proposed to be issued by the Company pursuant to Resolution 6 will exceed the 15% threshold referred to in Listing Rule 7.1 and, accordingly, Shareholder approval under Listing Rule 7.1 is sought.

The proposed issue of securities to Paladin Resources Ltd is placed before Shareholders to allow the securities to be excluded from the calculation set out in ASX Listing Rule 7.1.

The following information is provided to shareholders for the purposes of obtaining shareholder approval pursuant to the ASX Listing Rules:

- (a) the maximum number of securities to be issued is 7,500,000 Shares and 12,500,000 Options;
- (b) no funds will be raised by the issue of the 7,500,000 Shares and 12,500,000 Options as they will be issued in consideration for the acquisition of the 90% interest in the Siccus Joint Venture and Frome Basin database;
- (c) it is anticipated that all securities will be issued on one date (upon completion) and in any event no later than 3 months after the date of the Meeting;
- (d) the 7,500,000 Shares and 12,500,000 Options will be allotted to Paladin Resources Ltd; and
- (e) the Shares will rank equally with the existing Shares on issue; and
- (f) the material terms and conditions of the options are set out below.

### **Terms and conditions of options to be issued to Paladin Resources Ltd**

The following are the rights attaching to the Options:

- (a) each option entitles the holder, when exercised, to one (1) Share;

- (b) the options are exercisable at any time on or before 31 July 2008;
- (c) the exercise price of the options is 12 cents each;
- (d) subject to the Corporations Act, the Constitution and the Listing Rules, the options are fully transferable;
- (e) the options are exercisable by delivering to the registered office of the Company a notice in writing stating the intention of the option holder to exercise a specified number of options, accompanied by an option certificate, if applicable, and a cheque made payable to the Company for the subscription monies due, subject to the funds being duly cleared funds. The exercise of only a portion of the options held does not affect the holder's right to exercise the balance of any options remaining;
- (f) all shares issued upon exercise of the options will rank pari passu in all respects with the Company's then issued shares. The options will be unlisted however the Company reserves the right to apply for quotation at a later date;
- (g) there are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of options to shareholders during the currency of the options. However, the Company will ensure that, for the purpose of determining entitlements to any issue, option holders will be notified of the proposed issue at least seven (7) business days before the record date of any proposed issue. This will give option holders the opportunity to exercise the options prior to the date for determining entitlements to participate in any such issue;
- (h) in the event of any reconstruction (including consolidation, subdivision, reduction or return of capital) of the issued capital of the Company prior to the expiry date of the options, all rights of the option holder will be varied in accordance with the Listing Rules; and
- (i) in the event the Company makes a pro rata issue of securities, the exercise price of the options will change in accordance with the formula set out in Listing Rule 6.22.2.

### **3. OTHER INFORMATION**

There is no other information known to the Company that is material to a Shareholder's decision on how to vote on the resolutions set out in the Notice. However, should any Shareholder be in doubt as to how they should vote on any resolution and/or as to how a resolution may affect them, they should seek advice from their accountant, solicitor or other professional adviser as soon as possible.

Queries as to the lodgement of proxies and other formalities in relation to the Meeting should be directed to the Company Secretary (Telephone: (08) 9420 9300).

### **4. ACTION TO BE TAKEN BY SHAREHOLDERS**

Attached to the Notice of Meeting accompanying this Explanatory Statement is a proxy form for use by Shareholders. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person and are eligible to vote, to complete, sign and return the proxy form to the Company in accordance with the instructions contained on the proxy form and the Notice of Meeting. Lodgement of a proxy form will not preclude a Shareholder from attending and voting at the Meeting in person.

## **GLOSSARY**

**ASIC** means Australian Securities and Investments Commission.

**ASX** means Australian Stock Exchange Limited.

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

**Company** and **Deep Yellow** means Deep Yellow Limited (ABN 97 006 391 948).

**Constitution** means the Company's constitution.

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

**Mikado Joint Venture** means the joint venture established under the Joint Venture Agreement between Steve Clune as trustee for the Clune Family Trust ("Clune") and the Company constituted by the letter agreement between Ascent Capital Pty Ltd ("Ascent") and Clune dated 16 August 2004 and the letter of assignment of the benefit of the Joint Venture from Ascent to the Company dated 1 November 2004.

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

**PROXY FORM  
APPOINTMENT OF PROXY**

**Deep Yellow Limited  
ABN 97 006 391 948**

**GENERAL MEETING**

I/We

being a Member of Deep Yellow Limited entitled to attend and vote at the Meeting, hereby

Appoint

Name of proxy

or failing the person so named or, if no person is named, the Chairman of the Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the General Meeting to be held at Celtic Club, 48 Ord Street, West Perth on Tuesday, 30 August 2005 at 10 am and at any adjournment thereof. If no directions are given, the Chairman will vote in favour of all of the resolutions.

**Voting on Business of the General Meeting**

		<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
Resolution 1	Ratification of allotment and issue of shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval to issue options to Dr Leon Pretorius	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of a director - Dr Leon Pretorius	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval to issue and allot shares to Tanami Gold NL	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval to issue and allot shares to AI Minerals Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval to issue and allot shares to Paladin Resources Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

OR

If the Chairman of the Meeting is to be your proxy and you have not directed your proxy how to vote on the Resolutions, please place a mark in this box. By marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of the Resolutions and that votes cast by him, other than as proxy holder, will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on the Resolutions and your votes will not be counted in computing the required majority if a poll is called on these Resolutions. The Chairman will vote in favour of all of the resolutions if no directions are given.

If two proxies are being appointed, the proportion of voting rights this proxy represents is \_\_\_\_\_ %

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2005

**By:**

**Individuals and joint holders**

**Companies (affix common seal if appropriate)**

Signature

Director

Signature

Director/Company Secretary

Signature

Sole Director and Sole Company Secretary

**Deep Yellow Limited**  
**ABN 97 006 391 948**  
**Instructions for Completing 'Appointment of Proxy' Form**

1. A member entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
  - 2 directors of the company;
  - a director and a company secretary of the company; or
  - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a Proxy Form will not prevent individual shareholders from attending the Meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Meeting.
5. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.