DEEP YELLOW LIMITED
ABN 97 006 391 948

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16 March 2006

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

Dear Sir / Madam,

Interim Financial Report for the Half Year ended 31 December 2005

Please find attached for immediate release the Company's Interim Financial Report for the half year ended 31 December 2005.

Yours faithfully

Mark Pitts
Company Secretary

Deep Yellow Limited

(ACN 006 391 948)

Half Year Report

31 December 2005

Contents

DIRECTORS' REPORT

Your directors submit the financial report of the Company for the half year ended 31 December 2005.

Directors

The names of directors who held office during or since the end of the half year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

LEON PRETORIUS	Executive Chairman
MARTIN KAVANAGH	Director (Appointed 10 October 2005)
GILLIAN SWABY	Director (Appointed 10 October 2005)
GARY STEINEPREIS	Director (Resigned 10 October 2005)
JAMES PRATT	Director (Resigned 10 October 2005)
HUGH WARNER	Director (Resigned 18 July 2005)

Review of Operations

During the half year to 31 December 2005 the Company went through a period of change and consolidation. The resignation of three Directors who had assisted in the transition of the Company from administration, the appointment of two new Directors whom, together with the Chairman, will take the Company forward and, a change in the Company Secretary and senior management. The Board and management team have focussed on assets acquired over the past twelve months and on new objectives and goals for the Company.

Assessment of exploration assets held by the Company is at an early stage and is ongoing. Attention during the half year to 31 December 2005 was directed mainly on the Napperby Project, with early results being inconclusive. More work is planned at this project in early 2006. A comprehensive program including evaluation of existing data and preliminary fieldwork will be carried out on the Company's other projects in the Northern Territory, South Australia and Western Australia during 2006.

Exploration expenditure for the half year was $ 398,291 (December 2004 $ 128,466).

Net loss for the half year was $1,816,998 (December 2004 $231,716).

Adoption of Australian Equivalents to International Financial Reporting Standards ('AIFRS')

This interim report has been prepared under Australian Equivalents to IFRS. A reconciliation of differences between previous GAAP and Australian Equivalents to IFRS has been included in Note 2 of this report.

Auditor's Declaration

Section 307C of the Corporations Act 2001 requires our auditors, Ernst & Young, to provide the directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 4 and forms part of this Directors' report for the half-year ended 31 December 2005.

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

Leon Pretorius

Director

Dated this 16th day of March 2006.

ERNST & YOUNG

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11 Mounts Bay Road
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Australia

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Perth WA 6843

Tel 61 8 9429 2222
Fax 61 8 9429 2436

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

In relation to our review of the financial report of Deep Yellow Limited for the half-year ended 31 December 2005, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin A. Buckingham
Partner
16 March 2006

CONDENSED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	Notes	Consolidated 2005 $	Consolidated 2004 $
Revenue	3	92,947	180,342
Other income	3	578,371	50,000
Raw materials and consumables used		-	(126,382)
Employee benefits expense		(61,215)	-
Share based payments recognised		(1,970,690)	-
Depreciation and amortisation expense		(144,388)	-
Loss on restructure of Company pursuant to a Deed of Company Arrangement		-	(132,046)
Other expenses	3	(312,023)	(203,630)
Loss before income tax expense		**(1,816,998)**	**(231,716)**
Income tax expense		-	-
Loss after tax from continuing operations		**(1,816,998)**	**(231,716)**
Loss after tax from discontinued operations		-	-
Net loss for the period		**(1,816,998)**	**(231,716)**
Basic loss per share (cents per share)		**0.43 cents**	**0.1 cents**
Diluted loss per share (cents per share)		**0.43 cents**	**0.1 cents**

The accompanying notes form part of these financial statements

CONDENSED BALANCE SHEET

AS AT 31 DECEMBER 2005

	Notes	Consolidated 31 Dec 2005 $	Consolidated 30 June 2005 $
Assets			
Current Assets			
Cash and cash equivalents		2,115,024	3,536,679
Trade and other receivables		265,780	79,000
Total Current Assets		2,380,804	3,615,679
Non-Current Assets			
Available for sale financial assets		300,288	-
Property, plant and equipment		56,940	1,367
Deferred exploration expenditure		6,865,810	1,050,000
Intangible assets – geological database licence		1,806,482	-
Total Non-Current Assets		9,029,520	1,051,367
Total Assets		11,410,324	4,667,046
Current Liabilities			
Trade and other payables		51,376	45,968
Total Current Liabilities		51,376	45,968
Total Liabilities		51,376	45,968
Net Assets		11,358,948	4,621,078
Equity			
Issued capital	4	41,875,312	36,047,812
Reserves	4	3,432,678	705,310
Accumulated losses		(33,949,042)	(32,132,044)
Total Equity		11,358,948	4,621,078

The accompanying notes form part of these financial statements

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	Note	Consolidated			
		Issued Capital	Accumulated Losses	Reserves	Total Equity
		$	$	$	$
Balance at 1 July 2005		36,047,812	(32,132,044)	705,310	4,621,078
Shares issued during the year		5,670,000	-	-	5,670,000
Exercise of options		157,500	-	-	157,500
Loss for the period		-	(1,816,998)		(1,816,998)
Cost of share based payments to option reserve		-	-	2,886,940	2,886,940
Revaluation of available for sale investments		-	-	(159,572)	(159,572)
Balance at 31 December 2005		41,875,312	(33,949,042)	3,432,678	11,358,948
Balance at 1 July 2004		30,835,120	(31,157,038)	-	(321,918)
Shares issued during the period		2,207,942	-	-	2,207,942
Deconsolidation of subsidiary losses on transfer of ownership to creditors trust		-	11,263	-	11,263
Loss for the period		-	(231,716)	-	(231,716)
Cost of share based payments		-	-	391,000	391,000
Balance at 31 December 2004		33,043,062	(31,377,491)	391,000	2,056,571

The accompanying notes form part of these financial statements

CONDENSED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	Note	Consolidated 2005 $	2004 $
		Inflows/(Outflows)	
Cash flows from operating activities			
Receipts from customers		-	170,780
Payments to suppliers and employees		(390,989)	(179,847)
Payment to administrator		-	(193,494)
Payments for exploration and mining operations		(398,291)	(128,466)
Payments for deed of company arrangement		-	(500,000)
Cash transferred to trust established for the benefit of creditors		-	(110,247)
Interest received		67,357	9,562
Net cash (used in) operating activities		(721,923)	(931,712)
Cash flows from investing activities			
Purchase of office equipment		(59,033)	-
Proceeds from sale mineral properties		-	50,000
Proceeds form the sale of shares		118,511	-
Purchase of mineral properties		(916,710)	(100,000)
Net cash (used in) investing activities		(857,232)	(50,000)
Cash flows from financing activities			
Proceeds from issue of shares		157,500	1,751,000
Payment of share issue costs		-	(2,058)
Net cash provided by financing activities		157,500	1,748,942
Net (decrease)/ increase in cash held		(1,421,655)	767,230
Cash at the beginning of the period		3,536,679	177,507
Cash at the end of the period		2,115,024	944,737

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2005

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134: Interim Financial Reporting, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The half-year report has been prepared on a historical cost basis, except for available-for-sale financial assets which are measured at fair value. The carrying value of recognised assets and liabilities that are hedged with fair value hedges are adjusted to record changes in the fair values attributable to the risks that are being hedged.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2005 and any public announcements made by Deep Yellow Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the consolidated entity as in the full financial report.

For the purpose of preparing the half-year report, the half-year has been treated as a discrete reporting period.

As this is the first interim financial report prepared under Australian equivalents to IFRS, the accounting policies applied are inconsistent with those applied in the 30 June 2005 annual report as this report was presented under previous Australian GAAP. Accordingly, a summary of the significant accounting policies under Australian equivalents to IFRS has been included below. A reconciliation of equity and profit and loss between previous GAAP and Australian equivalents to IFRS has been prepared and is presented in Note 2.

This half year interim financial report has been prepared on a going concern basis. In arriving at this position the Directors have had regard to the fact that the Company has sufficient cash and other assets to fund administrative and other committed expenditure for the next twelve months. To the extent that the Company's objectives change requiring additional expenditure, the Directors will endeavour to source additional capital to fund the increased expenditure.

(b) Statement of compliance

The half-year financial report complies with Australia Accounting Standards, which include Australia equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the half-year financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standard IAS 34 "Interim Financial Reporting".

This is the first half-year financial report prepared based on AIFRS and comparatives for the half-year ended 31 December 2004 and full year ended 30 June 2005 have been restated accordingly. A summary of the significant accounting policies of the Company are discussed below.

Reconciliations of AIFRS Equity as at 1 July 2004; 31 December 2004 and 30 June 2005 together with AIFRS Profit for the half-year 31 December 2004 and full-year 30 June 2005, to the balances reported in the 31 December 2004 and 30 June 2005 full-year financial report prepared under AGAAP are detailed in Note 2.

(c) Basis of consolidation

The consolidated financial report comprises the financial statements of Deep Yellow Limited and its subsidiaries.

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

In preparing the consolidated financial statements all inter-company balances and transactions, income and expenses, and profits and losses resulting form intra group transactions, have been eliminated in full.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

  or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognized to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

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

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognized directly in equity are recognized in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(e) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The cost of fixed assets constructed within the economic entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Property, plant and equipment (continued)

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

Impairment

Carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. The assessment of value in use considers the present value of future cash flows discounted using an appropriate pre-tax discount rate reflecting the current market assessments of the time value of money and risks specific to the asset.

Where an asset does not generate cash flows that are largely independent it is assigned to a cash generating unit and the recoverable amount test applied to the cash generating unit as a whole, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of the asset or cash generating unit exceeds its estimated recoverable amount. The asset or cash generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognized in the income statement in the cost of sales line item.

Derecognition and disposal

An item of property, plant and equipment is derecognized upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

Depreciation

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets as follows:

Class of Fixed Asset	*Depreciation Rate*
Plant and equipment	25 %
Fixtures and Fittings	33 %

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

(f) Exploration expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that the consolidated entity's rights of tenure to that area of interest are current and that the costs are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Exploration expenditure (continued)

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

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

Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Typically the obligation arises when the asset is installed at the production location. When the liability is initially recorded, the estimated cost is capitalized by increasing the carrying amount of the related mining assets. Over time, the liability is increased for the change in the present value based on the discount rates that reflect the current market assessments and the risks specific to the liability. Additional disturbances or changes in rehabilitation costs will be recognized as additions or changes to the corresponding asset and rehabilitation liability when incurred.

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

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

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

(g) Leases

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

Group as a lessee

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Investments and other financial assets

The Group has elected to apply the option available under AASB1 of adopting AASB 132 and AASB 139 from 1 July 2005. Outlined below is the relevant accounting policy for investments and other financial assets applicable from 1 July 2005. For the applicable policy for the year ending 30 June 2005, refer to the annual financial report at 30 June 2005.

Accounting policies applicable from 1 July 2005.

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

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

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

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

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments included to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initially recognized amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognized in profit or loss when the investments are derecognized or impaired, as well as through the amortization process.

(iii) Loans and receivables

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

(iv) Available-for-sale investments

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

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Intangibles

A summary of the policies applied to the Group's intangible assets is as follows:

	Geological Data Base - Licence Agreement
Useful lives	6 Years
Method used	Straight line amortisation
Internally generated/Acquired	Acquired
Impairment test/ Recoverable amount testing	Annually and when an indicator of impairment exists

Impairment

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

(j) Impairment of assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee leave benefits

i) Wages, salaries, annual leave and sick leave

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

(ii) Long Service Leave

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

(l) Provisions

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

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

When discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

(m) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

For the purposes of the Cash Flow Statement, cash and cash equivalents are as defined above, net of outstanding bank overdrafts.

(n) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the consolidated entity and the revenue is capable of being reliably measured.

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables in the Balance Sheet are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables in the Balance Sheet. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are included in the Cash Flow Statement on a gross basis, and the GST component of cash flows arising from investing and financing activities, which is recoverable from or payable to the Australian Taxaation Office, are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable form, or payable to, the Australian Taxation Office.

(p) Trade and other receivables

The Group has elected to apply the option available under AASB 1 of adopting AASB 132 and AASB 139 from 1 July 2005. Outlined below is the relevant accounting policy for trade and other receivables applicable from 1 July 2005. For the policy at 30 June 2005, refer to the full financial report at 30 June 2005.

Accounting policies applicable from 1 July 2005

Trade receivables, which generally have 30-90 day terms, are recognized and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debt is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

(q) Impairment of financial assets

The Group has elected to apply the option available under AASB 1 of adopting AASB 132 and AASB 139 from 1 July 2005. Outlined below is the relevant accounting policy applicable from 1 July 2005. For the policy applicable at 30 June 2005, refer to the full financial report at 30 June 2005.

Accounting policies applicable from 1 July 2005

The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (ie the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognized in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Impairment of financial assets (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Financial assets carried at cost

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

(iii) Available-for-sale investments

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

(r) Foreign currency translation

Both the functional and presentation currency of Deep Yellow Limited and its Australian subsidiaries is Australian dollars ($).

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

(s) Share based payment transactions

(i) Equity settled transaction:

The Company provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Deep Yellow Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognized for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Share based payment transactions (continued)

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge of credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

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

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

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

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

(t) Contributed equity

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

(u) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognized as expenses; and

other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(v) Trade and other payables

The Group has elected to apply the option available under AASB 1 of adopting AASB 132 and AASB 139 from 1 July 2005. Outlined below is the relevant accounting policy for trade and other payables applicable from 1 July 2005. For policy at 30 June 2005, refer to full financial report at 30 June 2005.

Accounting policies applicable from 1 July 2005

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) AASB 1 Transitional exemptions

The consolidated entity has made its election in relation to the transitional exemptions allowed by AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' as follows:

Designation of previously recognised financial instruments

Financial instruments were designated as financial assets or liabilities at fair value through profit or loss or as available-for-sale at the date of transition to AIFRS.

Share based payment transactions

AASB 2 'Share-Based Payment' is applied only to equity instruments granted after 7 November 2002 that had not vested on or before 1 January 2005.

(x) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

NOTE 2: FIRST TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ('AIFRS')

Impact of adoption of AIFRS

The impacts of adopting AIFRS on the total equity and profit after tax as reported under Australian Accounting Standards applicable before 1 January 2005 (previous Australian GAAP) are illustrated below.

(i) Reconciliation of total equity as presented under previous Australian GAAP to that under AIFRS

	Note	Consolidated		
		1 July 2004	31 December 2004	30 June 2005
		$	$	$
Total equity under previous Australian GAAP		(321,918)	2,056,571	4,621,078
Adjustments to equity:				
Recognition of share based payments in equity via an option reserve	(a)	-	-	314,310
Recording of share based payments as an expense	(b)	-	-	(314,310)
Total equity under AIFRS		(321,918)	2,056,571	4,621,078

(a) & (b) Share-based payment costs are charged to the income statement under AASB 2 'Share-based Payment', this is not the case under previous Australian GAAP

(ii) Reconciliation of profit after tax under previous Australian GAAP to that under AIFRS

	Note	Consolidated	
		Year ended 30 June 2005	Half year ended 31 December 2004
		$	$
Loss after tax as previously reported		660,696	231,716
Recognition of share-based payment expense	(a)	314,310	-
Loss after tax under AIFRS		975,006	231,716

(a) Share-based payment costs are charged to the income statement under AASB 2 'Share-based Payment', this is not the case under previous Australian GAAP

(iii) Explanation of material adjustments to the cash flow statements

There are no material differences between the cash flow statement presented under AIFRS and those presented under previous Australian GAAP.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

NOTE 3: REVENUE AND EXPENSES

	Consolidated	
	31 December 2005 $	31 December 2004 $
Revenue and expense items from continuing operations:		
(a) Revenue		
Revenue from mining operations	-	170,780
Interest revenue	92,947	9,562
	92,947	180,342
(b) Other income		
Gain on the sale of shares in unlisted subsidiary	578,371	-
Gain from tenement sales	-	50,000
	578,371	50,000
(c) Expenses		
Depreciation and amortization		
Depreciation of plant and equipment	3,460	-
Amortisation of geological data base	140,928	-
	144,388	-
Other expenses		
Administration	-	69,748
Exploration expenditure written off	1,245	6,063
Other	310,778	127,819
	312,023	203,630

NOTE 4: ISSUED CAPITAL

	Consolidated	
	31 December 2005 $	30 June 2005 $
a) Ordinary shares		
Issued and fully paid	41,875,312	36,047,812

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

NOTE 4: ISSUED CAPITAL (Continued)

	Consolidated	
	31 December 2005 $	30 June 2005 $
	No.	$
(b) Movements in ordinary shares on issue		
At 1 July 2005	388,067,583	36,047,812
15,750,000 unlisted options exercised at 1c each	15,750,000	157,500
30,000,000 fully paid shares issued at 14c (then market value) in part consideration for the Tanami – Arunta tenement package	30,000,000	4,200,000
3,000,000 fully paid shares issued at 14c (then market value) in part consideration for the Ponton North tenement package	3,000,000	420,000
7,500,000 fully paid shares issued at 14c (then market value) in part consideration tor the Siccus Tenements and Frome Database	7,500,000	1,050,000
At 31 December 2005	444,317,583	41,875,312

c) Reserves	$	$
Options premium reserve (i)	3,592,350	705,310
Financial asset revaluation reserve (ii)	(159,572)	-
	3,432,678	705,310

	No.	$
(i) Movement in options during the period		
On issue at the start of the period	52,410,000	705,310
Proportion of unlisted options issued to a former Director which vested during the period.	-	68,690
10,000,000 unlisted options issued to a Director on 8 September 2005 exercisable on or before 31 December 2007 at 5 cents	10,000,000	908,000
5,000,000 unlisted options issued to a Director on 8 September 2005 exercisable on or before 31 December 2008 at 7.5 cents	5,000,000	450,000
12,500,000 unlisted options issued as part consideration for the acquisition of an asset on 15 September 2005 exercisable on or before 31 July 2008 at 12 cents	12,500,000	916,250
6,000,000 unlisted options issued to Directors on 22 December 2005 exercisable on or before 31 December 2008 at 25 cents	6,000,000	336,000
4,000,000 unlisted options issued to Directors on 22 December 2005 exercisable on or before 31 December 2008 at 35 cents	4,000,000	208,000
Exercised during the period	(15,750,000)	-
Expired unexercised during the period	(1,500,000)	-
On issue at the end of the period	72,660,000	3,592,250

(ii) Financial Asset Revaluation Reserve	$	$
Reserve for the unrealized gain/(loss) on available for sale investments	(159,572)	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

NOTE 5: SEGMENT REPORTING

The Company operates in one geographical location being Australia and has one business unit that being uranium exploration.

NOTE 6: CHANGE IN COMPOSITION OF ENTITY

Disposal of Deep Yellow Tanzania Limited

On 18 July 2005 the Company agreed to sell its interest in Deep Yellow Tanzania Limited to Uranium Resources Plc (URA) a company listed on the London Stock Exchange's AIM market. Consideration for the sale was £50,000 and 6,000,000 URA shares. The value of the consideration at the date of settling the transaction was $578,371.

Deep Yellow Tanzania Limited did not trade and the disposal of the entity has not affected the half year loss of the group, other than by the consideration received on the sale.

NOTE 7: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There has been no change in contingent liabilities or contingent assets since the last annual reporting date.

NOTE 8: EVENTS AFTER BALANCE DATE

On 20 February 2006 the Company announced a 1 for 2 Non Renounceable Entitlement Issue. If fully subscribed the offer will raise up to $16,661,913 through the issue of 222,158,841 ordinary shares. The offer had not closed as at the date of this report.

On 8 March 2006 the Company announced that 10,000,000 options had been exercised at 5 cents each for the issue of 10,000,000 ordinary fully paid shares

Other than the above, no event or circumstance has arisen since 31 December 2005 that would require disclosure in the financial report.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 23
   a. comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and
   b. give a true and fair view of the consolidated entity's financial position as at 31 December 2005 and of its performance for the half-year then ended.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Board of Directors

Leon Pretorius
Director

Dated this 16th day of March 2006

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Independent review report to members of Deep Yellow Limited

Scope

The financial report and directors' responsibility
The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity, accompanying notes to the financial statements, and the directors' declaration for Deep Yellow Limited (the company), for the half-year ended 31 December 2005.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company, and that complies with Accounting Standards AASB 134 "Interim Financial Reporting", in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach
We conducted an independent review of the financial report in order to make a statement about it to the members of the company and in order for the company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the Corporations Act 2001, Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Deep Yellow Limited is not in accordance with:

(a) the Corporations Act 2001, including:
   - (i) giving a true and fair view of the financial position of Deep Yellow Limited at 31 December 2005 and of its performance for the half-year ended on that date; and
   - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin A. Buckingham
Partner
Perth
16 March 2006