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Deep Yellow Limited

ABN 97 006 391 948

Prospectus

For a non-renounceable entitlement issue to Eligible Shareholders of up to approximately 250,830,312 Shares at an issue price of \$0.042 per Share on the basis of 2 Shares for every 9 Shares held on the Record Date to raise up to approximately \$10,534,873 before expenses.

The Entitlement Issue is underwritten by Patersons Securities Limited ACN 008 896 311 (AFSL No. 239 052) to \$5,800,000. Please refer to Section 4.4 of this Prospectus for further details regarding the terms of the Underwriting Agreement.

This Offer closes at 5.00pm WST on 20 July 2012. Valid acceptances must be received before that date.

IMPORTANT NOTICE

This document is important and requires your immediate attention. It should be read in its entirety. If you do not understand its contents, or are in doubt as to the course you should follow, you should consult your stockbroker, accountant or professional adviser.

The Shares offered by this Prospectus should be considered speculative.

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Important Dates

Event	Date*
Announcement of Offer	19 June 2012
Lodgement of Appendix 3B with ASX	19 June 2012
Prospectus lodged at ASIC and ASX	20 June 2012
Notice sent to Shareholders	22 June 2012
"Ex" Date (date Shares are quoted ex-rights)	25 June 2012
Record Date to determine Entitlements	29 June 2012
Prospectus (together with Entitlement and Acceptance Form) despatched to Shareholders	3 July 2012
Opening Date	3 July 2012
Closing Date**	20 July 2012
Notification to ASX of under subscriptions	25 July 2012
Allotment date with respect to Shares	27 July 2012
Despatch of holding statements	30 July 2012
Quotation of Shares issued under the Offer**	31 July 2012

* These dates are indicative only. The Directors reserve the right to vary the key dates without prior notice, subject to the Listing Rules.

** The Directors may extend the Closing Date by giving at least six Business Days notice to ASX prior to the Closing Date. As such, the date the Shares are expected to commence trading on ASX may vary.

Important Notice

This Prospectus is dated 20 June 2012 and was lodged with ASIC on that date. Neither ASIC nor ASX take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares will be issued on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus. Shares issued pursuant to this Prospectus will be issued on the terms and conditions set out in this Prospectus.

The Company will apply to ASX for Official Quotation of the Shares offered pursuant to this Prospectus.

Eligible Shareholders should read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered speculative.

An application for Shares by Eligible Shareholders will only be accepted by following the instructions on the Entitlement and Acceptance Form accompanying this Prospectus as described in section 1.8 of this Prospectus. An application for Shortfall Shares will only be accepted by completing the relevant section of the Entitlement and Acceptance Form or by making payment for the appropriate monies via BPAY as described in section 1.9 of this Prospectus.

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus. Any information or representation which is not contained in this Prospectus or disclosed by the Company pursuant to its continuous disclosure obligations may not be relied upon as having been authorised by the Company in connection with the issue of this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In preparing this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and professional advisers to whom investors may consult.

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom it would not be lawful to make such an offer or invitation. Neither this document nor the Shares the subject of the Offer have been, nor will be, registered under the United States Securities Act of 1933, as amended to under the securities legislation of any state of the United States of America, or any applicable securities laws of a country of jurisdiction outside of Australia, New Zealand, United Kingdom, Ireland, South Africa or Namibia. Accordingly, subject to certain exceptions, the Shares the subject of the Offer may not, directly or indirectly, be offered or sold within a country or jurisdiction outside of Australia, New Zealand, United Kingdom, Ireland, South Africa or Namibia or to or for the account or benefit of any national resident or citizen of, or any person located in a country or jurisdiction outside of Australia, New Zealand, United Kingdom, Ireland, South Africa or Namibia. The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer or invitation in any jurisdiction where, or to any person to whom, it would not be lawful to make such an offer or invitation.

New Zealand Notice

The Offers to New Zealand investors are regulated offers made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and the Corporations Regulations 2001 (Cth). In New Zealand, this is Part 5 of the Securities Act 1978, Securities Regulations 2009 and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008.

The Offer and the content of the Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and Regulations (Australia) set out how the Offers must be made. There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime. The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to the Offer. If you need to make a complaint about the Offer, please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the Shares is not New Zealand dollars. The value of the Shares will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant. If you expect the Shares to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

The Company will apply to the ASX for quotation of the Shares offered under this Prospectus. If quotation is granted, the Shares offered under this Prospectus will be able to be traded on the ASX. If you wish to trade the Shares through that market, you will have to make arrangements for a participant in that market to sell the Shares on your behalf. As the ASX does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

The Company is required under Part 1 of the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008 to provide an Eligible Shareholder with copies of the Company's Constitution on request and free of charge.

United Kingdom Notice

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the Shares the subject of the Offer. This document is issued on a confidential basis to fewer than 150 persons (other than "qualified investors" (within the meaning of section 86(7) of FSMA)) in the United Kingdom, and the Shares the subject of the Offer may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 FSMA) received in connection with the issue or sale of the Shares the subject of the Offer has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who fall within Article 43 (members of certain bodies corporate) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, or (ii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to,

and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Ireland Notice

The information in this document does not constitute a prospectus under any Irish laws or regulations and this document has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 (the "Prospectus Regulations"). The Shares the subject of the Offer have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to (i) qualified investors as defined in Regulation 2(l) of the Prospectus Regulations and (ii) fewer than 100 natural or legal persons who are not qualified investors.

South Africa Notice

This document does not, nor is it intended to, constitute a prospectus prepared and registered under the South African Companies Act and may not be distributed to the public in South Africa. The Shares the subject of the Offer have not been offered or sold in South Africa except in accordance with an exemption under section 96(1) of the South African Companies Act.

If you (or any person for whom you are acquiring the shares) are an entity or institution resident in South Africa, you may not participate in the Offer unless permitted under the South African Exchange Control Regulations or the ruling promulgated thereunder, or until a specific approval has been obtained from the Financial Surveillance Department of the South African Reserve Bank.

Namibia Notice

This document does not, nor is it intended to, constitute a prospectus prepared and registered under the Namibian Companies Act, No. 28 of 2004, and may not be distributed to the public in Namibia.

If you (or any person for whom you are acquiring the shares) are in Namibia, you have obtained the necessary exchange control approval, which approval subsists. This document is only available to, and may only be relied and acted upon exclusively by, the persons to whom this document is addressed and it may not be ceded, transferred, copied, distributed, disseminated, disclosed or made over (whether in whole or in part) to any other person.

Risk factors

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. A summary of some of the more significant risks which affect an investment in the Company are:

- **Uranium Mining Regulations**

Generally exploration for, and the development and operation of uranium mines, are subject to more stringent and rigorous approvals than for many other types of mining.

Uranium mining and exploration in Australia and Namibia are subject to complex government legislation and regulations. These regulate a wide range of uranium mining and exploration activities, including but not limited to exploration, prospecting, development, transportation, exporting, royalties and the discharge of hazardous waste and materials. The cost of compliance of such regulations ultimately increases the cost of exploration, development and operation of uranium mines and closing of uranium mines.

There can be no guarantee that government policy towards uranium mining will remain the same in the future.

- **Exploration and Operational Risks**

Mining exploration and production is inherently risky and speculative in nature. There is no guarantee that mineral resources will be discovered, or that they will be in commercially viable quantities or economically profitable.

• Fluctuations in Commodity Prices

International factors such as inflation, exchange rates, supply and demand and political and economic events, amongst other things, impact on the price of commodities including uranium and iron, particularly in the current global economic market. If the price of uranium or iron seriously declines in the future, this will materially impact on the Company's ability to continue with its projects and the Company may be forced to discontinue some or all of its operations.

• Government Policy and Sovereign Risk

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

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

• Competition from Alternative Energy and Public Perception

Nuclear energy is in direct competition with other more conventional sources of energy which include gas, coal and hydro-electricity. The nuclear industry is currently subject to negative public opinion due to political, technological and environmental factors. This may have an adverse impact on the demand for uranium and increase the regulation of uranium mining.

Furthermore, any potential growth of the nuclear power industry (with any attendant increase in the demand for uranium) beyond its current level will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity.

• Additional requirements for capital

The ability of the Company to execute its currently planned exploration and project evaluation activities requires the Company to raise additional capital. Accordingly, the Company is raising funds from this Offer and are furthermore investigating various other options for the raising of additional funds which may include, but is not limited to, the implementation of strategic joint ventures and the sale of non-core assets.

Should the Company not achieve the matters set out above, there is uncertainty whether the Company would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at its current values.

Please refer to section 1.2 for more information on the material uncertainty regarding the consolidated entity's continuation as a going concern.

The key risk factors of which investors should be aware are set out in section 3 of this Prospectus.

These risks, together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

Key definitions

Throughout this Prospectus, for ease of reading, various words and phrases have been defined rather than used in full on each occasion. Please refer to section 6 of this Prospectus for a list of defined terms.

Corporate Directory

DIRECTORS

Mervyn Greene (Chairman)
Greg Cochran (Managing Director)
Martin Kavanagh (Executive Director)
Gillian Swaby (Non-Executive Director)
Rudolf Brunovs (Non-Executive Director)

SECRETARY

Mark Pitts

REGISTERED AND PRINCIPAL OFFICE

Level 1, 329 Hay Street
Subiaco WA 6008

LEAD MANAGER AND UNDERWRITER

Patersons Securities Limited
Level 23, Exchange Plaza,
2 The Esplanade
Perth WA 6000

SOLICITORS

Gilbert + Tobin
1202 Hay Street
West Perth WA 6005

AUDITORS

Ernst & Young
11 Mounts Bay Road
Perth WA 6000

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building,
45 St Georges Terrace
Perth WA 6000

ASX CODE

DYL

NSX CODE

DYL

Brief instructions for Eligible Shareholders

The number of Shares to which you are entitled is shown in the Entitlement and Acceptance Form.

You may participate in the Offer as follows:

(a) **if you wish to accept your Entitlement in full:**

- (i) pay the amount indicated on your Entitlement and Acceptance Form via BPAY using the BPAY code and personalised reference number indicated so that the funds are received before 3.00pm (WST) on the Closing Date; or
- (ii) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided and attach your cheque for the amount indicated on your Entitlement and Acceptance Form;

(b) **if you only wish to accept part of your Entitlement:**

- (i) pay a lesser amount than indicated on your Entitlement and Acceptance Form via BPAY using the BPAY code and personalised reference number indicated so that the funds are received before 3.00pm (WST) on the Closing Date; or
- (ii) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form and attach your cheque for the appropriate application monies (at \$0.042 per Share); or

(c) **if you do not wish to accept all or part of your Entitlement**, you are not obliged to do anything. If Eligible Shareholders do not take up their entitlement, their existing interest in the Company will be diluted. Please refer to sections 2.4 and 3.2 of this Prospectus.

Please refer to section 1.7 of this Prospectus for further details relating to Entitlements and acceptance of the Offer.

Shortfall Offer

Eligible Shareholders who have subscribed for their Entitlement in full may also apply for Shortfall Shares:

You may apply for Shortfall Shares as follows:

- (i) pay the appropriate application monies for both your Entitlement and the Shortfall Shares you wish to apply for via BPAY using the BPAY code and personalised reference number indicated so that the funds are received before 3.00pm (WST) on the Closing Date; or
- (ii) complete the relevant section of your Entitlement and Acceptance Form and attach a single cheque for the application monies for both your Entitlement and the Shortfall Shares you wish to apply for.

Please refer to section 1.9 of this Prospectus for further details relating to the Shortfall Offer.

Chairman's Letter

Dear Shareholder,

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

The Company is pleased to offer its Shareholders a 2:9 non-renounceable entitlement issue of approximately 250,830,312 new Shares at an issue price of 4.2 cents per share. The pricing has been set at 4.2 cents to provide an opportunity for all Shareholders to participate in the capital raising. The Entitlement Issue is partially underwritten by Patersons Securities, which includes a sub-underwriting by the Company's major Shareholder, Paladin Energy. The Directors have also reserved the right to place any Shortfall.

This Prospectus sets out the details of the Entitlement Issue which will raise up to \$10,534,873 before costs. The exact amount of funds raised is dependent on the participation rate of Shareholders and ultimately the Directors' ability to place any Shortfall. In order to encourage maximum participation, Shareholders will also be able to subscribe for Shares in any Shortfall that may materialise if they have taken up their full entitlement under the Offer.

The past fifteen months have been challenging for the uranium industry as a result of the Fukushima accident and the ongoing volatility in the world's financial markets but despite this, the Company has continued to deliver strong results and is committed to continuing to build on that success. In particular I would like to highlight our progress in Namibia where we have seen substantial increases in the high grade alaskite resource base of our flagship project, Omahola and the game changing test work to physically beneficiate the Tubas Sand deposit. The environmental clearances issued for the Tubas Sand and Shiyela Iron projects, as well as over the Company's INCA deposit area are also highlights as they demonstrated the Company's permitting capability and reflected well on the efficiency of the Namibian regulatory environment. The recent acquisition of Extract Resources Limited by China Guangdong Nuclear Power Corp. (**CGNPC**) for more than US\$2bn has also served to demonstrate the high regard and confidence placed in Namibian assets by the nuclear fuel industry.

In recognition of the challenges of the external environment in which we operate we are now entering a new phase after reviewing and refining our strategy. We have prioritised what must be done in the coming year to both protect and add value to our assets to ensure that the Company will, in 12 months' time, be in a strong position to capture opportunities on the back of an anticipated improvement in the markets. To achieve this we have implemented plans to significantly reduce overhead and exploration spend and set ourselves key objectives in regard to our core projects whilst seeking to divest non-core assets for value.

For the Company's Omahola project the key objectives include a focus on resource upgrades, mining studies, metallurgical testwork and further economic assessment which will provide critical inputs into the pre-feasibility study. On the Tubas Sand project we will commence a resource review shortly in advance of an update and mining studies will also be conducted. These too are important inputs into a decision to conduct the pre-feasibility study on this asset. Part of this assessment will be to examine how best to include the Company's Tubas Sand project into the Omahola project as well as examining stand alone options.

It is also appropriate to rationalise the portfolio at this stage to ensure that the company focusses its full attention and available resources on its core, attractive projects in Namibia. To achieve this, our objective is to divest our early stage Australian exploration portfolio and the Shiyela Iron project in Namibia, whilst seeking to joint venture other non-core assets such as the Nova Energy tenements in Namibia. Our overall objective in this regard will be to seek to generate cash for these assets in the short or medium term, where possible, while keeping one eye on long term value for the Company's Shareholders. It is anticipated that all of these initiatives will be completed by the end of 2012.

Those of us who are immersed in the uranium industry are remarkably confident that our fundamentals are intact and improving. Evidence of this is that some recent industry deals or acquisitions by Rio

Tinto (Hathor Exploration Limited in January 2012), Cameco (Millennium project in June 2012) and CGNPC (Kalahari Minerals plc and Extract Resources Limited, in April 2012 and February 2012 respectively) have indicated a much higher valuation of resources than is reflected in the current share prices of uranium juniors. Recent news flow including the lifting moratorium on new nuclear power plants in China and last Saturday's decision to begin the process of re-starting Japanese reactors will provide extra confidence. These events will add to the growing realisation that demand will continue to increase, a supply crunch is looming and that a significant and sustained increase in the price of uranium is require to stimulate new production.

It is our belief that the Company's enhanced focus and this anticipated gradual improvement in the uranium market over the next year will place the Company in a strong position to capture the upside as we move closer to the development of our attractive flagship project. Omahola is, after all, the last remaining independent, higher grade deposit in Namibia, a country that is well established as one of the world's premier uranium provinces with a proven mining friendly approach to uranium companies.

Accordingly, I encourage your participation in this entitlement issue. Should you wish to discuss any aspect of this capital raising please do not hesitate to contact me, my fellow Directors or the Company secretary, Mark Pitts on +61 8 9286 6999.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Mervyn Greene', written over a large, stylized circular flourish.

Mervyn Greene
Chairman

1 Details of the Offer

1.1 Offer

This Prospectus invites Eligible Shareholders to participate in a pro-rata non-renounceable entitlement issue of up to approximately 250,830,312 Shares on the basis of 2 Shares for every 9 Shares held at 5.00pm (WST) on the Record Date at an issue price of \$0.042 per Share for the purpose of raising up to approximately \$10,534,873 less expenses of the Offer, estimated to be \$338,424.

As at the date of this Prospectus, the Company has 1,128,736,403 Shares on issue.

Optionholders will not be entitled to participate in the Offer. However, they may exercise their Options prior to the Record Date if they wish to participate in the Offer.

The Company currently has 6,940,000 Options on issue. Please refer to section 2.3 of this Prospectus for further information on the exercise price and expiry date of the Options on issue. In the event that these Options are exercised prior to the Record Date, a further 1,542,222 Shares will be offered pursuant to this Prospectus to raise a further \$64,773.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue as at the date of this Prospectus. Please refer to section 4.6 of this Prospectus for further information regarding the rights and liabilities attaching to the Shares.

1.2 Purpose of the Offer

The purpose of the Offer is to raise up to \$10,534,873.

It is anticipated that the funds raised from the Offer will be applied as follows:

Description	Use of Funds based on full subscription of \$10,534,873		Use of Funds based on an underwritten amount of \$5,800,000	
	(\$)	% of proceeds	(\$)	% of proceeds
Omahola project: Resource updates, mining studies, metallurgical test work and scoping level environmental impact assessment	830,000	7.9%	415,000	7.16%
Tubas Sand project: Resource work and mining studies	260,000	2.5%	60,000	1.03%
Shiyela project: Final test work, resource work and study update	350,000	3.3%	350,000	6.03%
Drilling: Exploration drilling and resource definition	4,554,349	43.2%	2,861,121	49.33%
General working capital and administrative expenses ¹	4,202,100	39.9%	1,775,455	30.61%
Expenses of the Offer ²	338,424	3.2%	338,424	5.83%
TOTAL	10,534,873	100%	5,800,000	100%

Notes:

- 1 *This includes working capital and administrative costs such as salaries, ASX and other fees and corporate overheads.*
- 2 *Please refer to section 4.11 of this Prospectus for further details relating to the estimated expenses of the Offer.*

The above table is a statement of current intentions as of the date of this Prospectus. It is anticipated that if \$10,534,873 is raised then the funds will be applied over the next 24 months, whereas if only \$5,800,000 is raised then the funds will be applied over the next 12 months. The above proposed use of funds is subject to ongoing review and evaluation by the Company. As with any budget, the actual use of funds raised under the Offer may change depending on the outcome of the programs as they proceed. The Board reserves the rights to alter the way in which funds are applied on this basis.

Any additional funds raised from the participation of Eligible Shareholders in the Offer following the exercise of their Options prior to the Record Date will be applied towards the Company's general working capital and administration expenses.

The independent auditor's review report accompanying the condensed consolidated financial report of the consolidated entity for the half year ended 31 December 2011, was unqualified but included an 'emphasis of matter' as a result of matters described in Note 1 of the financial report, in respect of a material uncertainty regarding the consolidated entity's continuation as a going concern and therefore whether the consolidated entity will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The independent auditor noted that the financial report did not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Note 1 to the condensed consolidated financial report of the consolidated entity for the half year ended 31 December 2011 stated that:

The consolidated financial statements have been prepared on a going concern basis which contemplates that the Group will continue to meet its commitments and can therefore continue normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

However, the ability of the Group to meet its short term obligations and execute its currently planned exploration and project evaluation activities and continue as a going concern is dependent upon obtaining additional capital. Accordingly, the Group has engaged advisors with the objective of raising capital in the short term.

At the date of this financial report the Directors are satisfied that there are reasonable grounds to believe that, having regard to the Group's position and the funding plan, the Group will be able to raise the additional capital required to enable it to continue to operate and meet its obligations as and when they fall due.

Should the Group not achieve the capital raising in the time frame set out above, there is uncertainty whether the Group would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include adjustments relating to the recoverability or classification of the recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as going concern.

The Offer will raise sufficient additional funding to meet the anticipated shortfall of funds referred to in the abovementioned note accompanying the consolidated entity's half year

financial report for the half-year ended 31 December 2011. The Company's current cash resources and additional capital proposed to be raised by the Offer are sufficient to meet the Company's current and approved future activities.

1.3 Strategy Update

The Company has delivered strong results over the last eighteen months in volatile times and is committed to building on that success. In recognition of the challenges of the external environment in which we operate the Company has entered a new phase after reviewing and refining its strategy. The focus will be on both protecting and adding value to our core assets to ensure that the Company will, in 12 months' time, be in a strong position to capture opportunities on the back of an anticipated improvement in the markets. Plans have already been implemented to significantly reduce overhead and exploration spends and key objectives have been set for the Company's core projects. The Company will also seek to divest non-core assets for value.

On the Omahola project, where the high grade alaskite resource base has increased considerably, the next step is to complete resource upgrades that will include all the results from the last six to eight months of drilling. Mining studies and metallurgical testwork will also be conducted and further economic assessment will be completed which will provide critical inputs into the pre-feasibility study. The scoping level environmental impact assessment is also expected to commence later this year. It is worthwhile noting that full environmental clearance is already in place over the INCA deposit area which is relevant for Omahola and the Tubas Sand projects.

Last year saw game changing testwork unlock the potential of the Tubas Sand deposit, where it was demonstrated that the low grade deposit could be upgraded by means of physical beneficiation. Processing through a hydrocyclone circuit saw grades increased up to eightfold to in excess of 1,000 ppm U₃O₈. A resource review is planned to get underway shortly and mining studies will be conducted as well as further bulk sample testwork across the ore body. Two options will be evaluated – long term supplementary supply to the Omahola plant to increase output or a standalone option. The standalone option remains appealing recognising that the project has environmental clearance and could be developed on relatively limited capital for earlier production by supplying loaded resin to one of the existing Namibian uranium producers.

It is also appropriate to rationalise our extensive portfolio at this stage to ensure that the Company focuses its full attention and available resources on its attractive core projects in Namibia. Firstly the early stage Australian portfolio and the Shiyela Iron project will be divested, although in the case of Shiyela it is anticipated that some final elements of the current testwork, aimed at demonstrating the recoverability of an economic hematite or blend magnetite-hematite product, will be completed. Our objective will be seek to generate cash for these assets in the short to medium term whilst possibly retaining some exposure to capture future possible upside for Deep Yellow shareholders. In addition we will be seeking joint venture partners for the Nova Energy (Namibia) and Aussinanis tenements. The Company has already announced that it is in discussion with Rio Tinto Mining and Exploration Limited over the Nova Energy (Namibia) tenements and is separately progressing plans in regard to the Aussinanis deposit as well.

1.4 Minimum Subscription

There is no minimum subscription in respect of the Offer.

1.5 No Rights Trading

Entitlements to Shares pursuant to the Offer are non-renounceable and accordingly Eligible Shareholders may not dispose of or trade any part of their Entitlement.

1.6 Opening and Closing Dates

The Offer will open for receipt of acceptances at 9.00am WST on 3 July 2012 and will close at 5.00pm WST on 20 July 2012, or such later date as the Directors, in their absolute discretion and subject to compliance with the Listing Rules, may determine and provided that the Company gives ASX notice of the change at least 6 Business Days prior to the Closing Date.

1.7 Underwriting

The Offer is underwritten by Patersons to \$5,800,000. The Underwriting Agreement is subject to standard terms and conditions. All valid applications received by the Company for Shares pursuant to offers under this Prospectus, from all sources, will be deemed to have been accepted in full by the Company and will go in relief of the obligations of the Underwriter under the Underwriting Agreement.

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter an underwriting fee of 6% (excluding GST) of the value of the Underwritten Amount, excluding any amount of the Offer that is sub-underwritten by Paladin, as consideration for the Underwriter's underwriting obligation in accordance with the Underwriting Agreement (**Underwriting Fee**).

Patersons will also be paid a 6% selling fee on the placement of any Shortfall Shares that are not underwritten, except in relation to any Shortfall Shares that are placed to Paladin (if any) (**Selling Fee**). The Underwriter will pay a stamping fee of 3% for any valid applications for non-underwritten Shortfall received from other brokers from the Selling Fee.

In addition, Patersons will be paid a fee of \$80,000 in consideration for its role as lead manager of the Offer and will be reimbursed reasonable costs and expenses incidental to the Offer.

The underwriting is sub-underwritten to \$5,800,000. The Company's major shareholder, Paladin, will sub-underwrite to \$4,000,000. Paladin will not be paid a fee by the Company or Patersons for the sub-underwriting or for any Shortfall Shares that are placed to it in accordance with section 1.9.

Please refer to sections 2.4 of this Prospectus for a description of the potential impact of the Offer on control of the Company and to section 4.4(a) of this Prospectus for a summary of the material terms and conditions of the Underwriting Agreement.

1.8 Entitlements and Acceptance

The number of Shares to which you are entitled (**Entitlement**) is shown in the Entitlement and Acceptance Form.

In determining Entitlements, any fractional entitlement will be rounded up to the nearest whole number.

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus.

You may participate in the Offer as follows:

- (a) if you wish to accept your Entitlement in full:
 - (i) pay the amount indicated on your Entitlement and Acceptance Form via BPAY using the BPAY code and personalised reference number indicated so that the funds are received before 3.00pm (WST) on the Closing Date; or
 - (ii) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided and attach your cheque for the amount indicated on your Entitlement and Acceptance Form;
- (b) if you only wish to accept part of your Entitlement:
 - (i) pay a lesser amount than indicated on your Entitlement and Acceptance Form via BPAY using the BPAY code and personalised reference number indicated so that the funds are received before 3.00pm (WST) on the Closing Date; or
 - (ii) fill in the number of Securities you wish to accept in the space provided on the Entitlement and Acceptance Form and attach your cheque for the appropriate application monies (at \$0.042 per Share); or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

If you would like to apply for additional Shares in excess of your Entitlement, please refer to section 1.9 on how to apply for Shortfall Shares.

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Deep Yellow Limited – Offer Account" and crossed "**Not Negotiable**".

Your completed Entitlement and Acceptance Form and cheque must be mailed to:

Computershare Investor Services Pty Limited
GPO Box 505
Melbourne Vic 3001
Australia

and received by no later than 5.00pm (WST) on the Closing Date.

If you choose to pay via BPAY® you are not required to submit your Entitlement and Acceptance Form. Your payment will not be accepted after 3.00pm (WST) on the Closing Date and no Shares will be issued to you in respect of that application.

If you have multiple holdings you will have multiple BPAY reference numbers. To ensure you receive your Shares in respect of that holding, you must use the specific biller code and the customer reference number shown on each personalised Application Form when paying for any Shares that you wish to apply for in respect of that holding.

PLEASE NOTE IF YOU INADVERTENTLY USE THE SAME CUSTOMER REFERENCE NUMBER FOR MORE THAN ONE OF YOUR APPLICATIONS, YOU WILL BE DEEMED TO HAVE APPLIED FOR THE ENTITLEMENT TO WHICH THAT CUSTOMER REFERENCE NUMBER APPLIES AND ANY EXCESS AMOUNT WILL BE DEEMED TO BE AN APPLICATION FOR SHORTFALL SHARES.

Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. You may also have your own limit on the amount that can be paid via BPAY. It is your responsibility to check that the amount you wish to pay via BPAY does not exceed your limit.

The Offer to Shareholders is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

Non-Acceptance of Entitlement

If you do not wish to take up any part of your Entitlement under the Offer, you are not required to take any action. If you decide not to accept all or part of your Entitlement, the Shares not accepted will be dealt with in accordance with section 1.9 and 1.10 of this Prospectus.

If Eligible Shareholders do not take up their entitlement, their existing interest in the Company will be diluted. Please refer to sections 2.4 and 3.2 of this Prospectus for further details.

Taxation Implications

Shareholders should obtain independent advice on the taxation implications arising out of their participation in the Offer.

Inquiries

If you have any queries regarding your Entitlement, please contact the Company Secretary by telephone on +61 8 9286 6999 or your stockbroker or professional adviser.

PLEASE NOTE IF YOU DO NOT ACCEPT YOUR ENTITLEMENT IN FULL IN ACCORDANCE WITH THE INSTRUCTIONS SET OUT ABOVE, ANY PART OF AN ENTITLEMENT NOT ACCEPTED IN FULL WILL FORM PART OF THE SHORTFALL.

1.9 Shortfall Offer

Any Shares not taken up by Eligible Shareholders may become available as Shortfall Shares which may be placed by the Company in conjunction with the Underwriter and in accordance with the Underwriting Agreement. It is possible that there will be few or no Shortfall Shares available, depending on the level of acceptance of Entitlements by Eligible Shareholders.

The offer of any Shortfall is a separate offer made pursuant to this Prospectus (**Shortfall Offer**). Shortfall Shares will be issued at the same issue price as the Shares offered to Eligible Shareholders under the Offer.

It is at the Company's discretion (in consultation with the Underwriter) as to whether the Shortfall Shares applied for under this section 1.9 are issued. There is therefore no guarantee that in the event that Shortfall Shares are available for issue, they will be allocated to all or any of the Eligible Shareholders who have applied for them.

In relation to the Shortfall Offer, the Company reserves the right to issue to an Applicant a lesser number of Shortfall Shares than the number applied for, reject an application for Shortfall Shares or not proceed with the issuing of all or part of the Shortfall Shares. If the number of Shortfall Shares is less than the number applied for, surplus application monies will be refunded without interest.

Eligible Shareholders who have subscribed for their Entitlement in full may apply for Shortfall Shares by:

- (a) completing the relevant section of their Entitlement and Acceptance Form and returning it together with a single cheque for the appropriate application monies for both the Entitlement and the Shortfall Shares applied for; or
- (b) by paying the appropriate application monies for both the Entitlement and the Shortfall Shares applied for via BPAY using the BPAY code and personalised reference number indicated on the Entitlement and Acceptance Form.

1.10 Placement of Shortfall Shares in accordance with Listing Rule 7.2 Exception 3

The Directors reserve the right to place any Shortfall Shares, which are not underwritten or issued to Eligible Shareholders under the Shortfall Offer, at their discretion within 3 months after the Closing Date in accordance with Listing Rule 7.2 Exception 3. Those Shares will be issued at the same issue price as offered to Eligible Shareholders under the Offer and will be a separate offer made pursuant to this Prospectus and will remain open for up to 3 months after the Closing Date. In the event of a Shortfall, it is the intention of the Directors to consider adding to the depth and geographical diversity of the register through the addition of institutional and sophisticated investors.

1.11 Allotment of Shares

The Shares under the Offer and the Shortfall Offer under section 1.9 are expected to be allotted by no later than 27 July 2012. Shares allotted pursuant to the placement of Shortfall Shares under section 1.10 may be allotted within 3 months after the Closing Date. Until issue and allotment of the Shares under this Prospectus, the application monies will be held in trust in a separate bank account opened and maintained for that purpose only. Any interest earned on application monies will be for the benefit of the Company and will be retained by it irrespective of whether allotment of the Shares takes place.

1.12 ASX Listing

Application for Official Quotation of the Shares allotted pursuant to this Prospectus will be made to ASX within seven days following the date of this Prospectus.

If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus within three months after the date of this Prospectus (or such period as varied by ASIC), the Company will not allot any Shares and will repay all application monies for the Shares within the time period prescribed under the *Corporations Act*, without interest.

A decision by ASX to grant Official Quotation of the Shares is not to be taken in any way as an indication of ASX's view as to the merits of the Company, or the Shares now offered for subscription.

1.13 Overseas Investors

The Company has shareholders based in 23 jurisdictions outside of Australia and New Zealand. On examination of the register has found that over 98% of holders can be

included in the Offer by accommodating 4 of the 23 jurisdictions outside of Australia and New Zealand.

Therefore the Company is of the view that it is unreasonable to make an offer under this Prospectus to Shareholders outside of Australia, New Zealand, United Kingdom, Ireland, South Africa and Namibia (**Excluded Shareholders**) having regard to:

- (a) the number of Shareholders outside of Australia, New Zealand, United Kingdom, Ireland, South Africa and Namibia;
- (b) the number and value of the securities to be offered to Shareholders outside of Australia, New Zealand, United Kingdom, Ireland, South Africa and Namibia; and
- (c) the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions.

Accordingly, the Company is not required to, and does not, make offers under the Prospectus to Shareholders outside of Australia, New Zealand, United Kingdom, Ireland, South Africa and Namibia.

The Offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2002* (New Zealand).

The Offer is only being made in:

- (a) United Kingdom to Eligible Shareholders (as there are fewer than 150 persons in the United Kingdom who are not qualified investors) and to qualified investors within the meaning of section 86(7) of the Financial Services and Markets Act 2000;
- (b) Ireland to Eligible Shareholders (as there are fewer than 100 persons in Ireland who are not qualified investors) and to qualified investors as defined in the Irish Prospectus (Directive 2003/71/EC) Regulations 2005; and
- (c) South Africa to Eligible Shareholders and to persons who are of a kind described in accordance with the exemption under section 96(1) of the South African Companies Act 2008.
- (d) Namibia to Eligible Shareholders and to specific institutional investors invited by the Company to participate in the Shortfall in accordance with the Companies Act, No.28 of 2004.

Members of the public in Australia, New Zealand, United Kingdom, Ireland, South Africa and Namibia who are not existing Shareholders on the Record Date are not entitled to apply for any Shares.

Nominee

Subject to ASIC's approval for the purposes of section 615 of the Corporations Act, the Company will issue to Patersons, as a nominee, Shares that could otherwise have been applied for by the Excluded Shareholders had they been Eligible Shareholders. The sale of those Shares, held by Patersons as nominee, will be arranged and the net proceeds will be directed (if any) to the Company.

The proceeds of sale (if any) will be distributed to the Excluded Shareholders for whose benefit the Shares have been sold in proportion to the number of Shares they would have been entitled to apply for under the Entitlement Offer had they been Eligible Shareholders

(after deducting the issue price of the Shares, brokerage commission and other expenses).

The price at which Shares can be sold, will depend on various factors, including market conditions. To the maximum extent permitted by law, neither the Company nor the nominee will be liable for selling Shares at any particular price.

1.14 Market Prices of Shares on ASX

The highest and lowest closing market sale prices of Shares on ASX during the three (3) months immediately preceding the date of this Prospectus and the respective dates of those sales were \$0.12 on 26 March 2012 and \$0.045 on 19 June 2012.

The latest available market sale price of Shares on ASX at the close of trading on the date of this Prospectus was \$0.045 on 19 June 2012.

1.15 Privacy

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

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

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the *Corporations Act* and certain rules such as the ASX Settlement Operating Rules.

If an Applicant becomes a security holder of the Company, the *Corporations Act* requires the Company to include information about the security holder (including name, address and details of the securities held) in its public register. This information must remain in the register even if that person ceases to be a security holder of the Company. Information contained in the Company's registers is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

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

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

1.16 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and such other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company and the Directors.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in section 3 of this Prospectus.

2 Effect of the Offer on the Company

2.1 Effect of the Offer

The principal effects of the Offer on the Company, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, are as follows:

- (a) the Company will issue up to approximately 250,830,312 Shares and the total number of Shares on issue will increase to 1,379,566,715 Shares;
- (b) the cash reserves of the Company will increase by up to approximately \$10,534,873 (less the expenses of the Offer) immediately after completion of the Offer; and the equity of Eligible Shareholders who do not participate in the Offer will be diluted as is evidenced from the figures set out above.

2.2 Condensed Statement of Financial Position

Set out as follows is the Condensed Statement of Financial Position of the consolidated entity as at 31 December 2011 which has been subject to review but not audit. The independent auditor's review report provided by Ernst & Young accompanying the consolidated entity's financial report for the half year ended 31 December 2011 contained an emphasis of matter paragraph in respect of a material uncertainty regarding the consolidated entity's continuation as a going concern. The pro-forma Condensed Statement of Financial Position of the consolidated entity as at 31 December 2011 has been adjusted below for the following transactions:

- the issue of 250,830,312 Shares pursuant to this Prospectus to raise \$10,534,873 if the Offer is fully subscribed and on the basis that only the Underwritten Shares are issued to raise \$5,800,000; and
- the estimated expenses of the Offer of approximately \$338,424.

The pro-forma Condensed Statement of Financial Position based on full subscription amount:

- 1 Net proceeds from the Offer of \$10,196,449 less estimated exploration costs of \$4,486,298 and administration costs of \$1,262,573 incurred since 31 December 2011;
- 2 Estimated capitalised exploration costs of \$4,486,298 incurred since 31 December 2011;
- 3 \$10,196,449 comprising gross proceeds of \$10,534,873 raised pursuant to the Offer (less estimated Offer costs of \$338,424);
- 4 Estimated administration costs of \$1,262,573 incurred since 31 December 2011;
- 5 Assumes that no existing Options are exercised prior to the Record Date for this Offer. If all Options are exercised before the Record Date, cash will increase by a further \$64,773 and contributed capital would increase by a similar amount; and
- 6 Assumes the advance of funds under the Paladin Loan as summarised in section 4.4 of this Prospectus. The net position is unchanged as it assumes Paladin will offset the outstanding amount or be repaid the outstanding amount under the Paladin Loan against monies owed for any application for Shares under this

Prospectus, including in satisfaction of its sub-underwriting obligations in respect of the Offer.

The pro-forma Condensed Statement of Financial Position based on underwritten amount of \$5,800,000:

- 7 Net proceeds from the Offer of \$5,461,576 less estimated exploration costs of \$4,486,298 and administration costs of \$1,262,573 incurred since 31 December 2011;
- 8 Estimated capitalised exploration costs of \$4,486,298 incurred since 31 December 2011;
- 9 \$5,461,576 comprising gross proceeds of \$5,800,000 raised pursuant to the Offer (less estimated Offer costs of \$338,424);
- 10 Estimated administration costs of \$1,262,573 incurred since 31 December 2011;
- 11 Assumes that no existing Options are exercised prior to the Record Date for this Offer. If all Options are exercised before the Record Date, cash will increase by a further \$64,773 and contributed capital would increase by a similar amount; and
- 12 Assumes the advance of funds under the Paladin Loan as summarised in section 4.4 of this Prospectus. The net position is unchanged as it assumes Paladin will offset the outstanding amount or be repaid the outstanding amount under the Paladin Loan against monies owed for any application for Shares under this Prospectus, including in satisfaction of its sub-underwriting obligations in respect of the Offer.

Condensed Pro-forma Statement of Financial Position

	Notes	Consolidated Reviewed 31 December 2011	Pro-forma Consolidated 31 December 2011 (based on full subscription)	Pro-forma Consolidated 31 December 2011 (based on underwriting to \$5,800,000)
Assets				
Current assets				
Cash and cash equivalents	1	7,313,477	11,761,055	7,026,182
Trade and other receivables		322,492	322,492	322,492
Held for trading financial assets		340,000	340,000	340,000
Other financial assets		282,724	282,724	282,724
Total current assets		8,258,693	12,706,271	7,971,398
Non-current assets				
Available for sale financial assets		319,867	319,867	319,867
Property, plant and equipment		1,543,095	1,543,095	1,543,095
Deferred exploration expenditure	2	123,765,367	128,251,665	128,251,665
Total non-current assets		125,628,329	130,114,627	130,114,627
Total assets		133,887,022	142,820,898	138,086,025
Liabilities				
Current liabilities				
Trade and other payables		796,728	796,728	796,728
Total current liabilities		796,728	796,728	796,728
Total liabilities		796,728	796,728	796,728
Net assets		133,090,294	142,024,170	137,289,297
Equity				
Issued capital	3	195,948,041	206,144,490	201,409,617
Accumulated losses	4	(64,383,583)	(65,646,156)	(65,646,156)
Other capital reserves		9,952,280	9,952,280	9,952,280
Asset revaluation reserve		87,333	87,333	87,333
Foreign currency translation reserve		(8,513,777)	(8,513,777)	(8,513,777)
Total equity		133,090,294	142,024,170	137,289,297

2.3 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, is set out below.

Shares

	Number
Shares currently on issue	1,128,736,403
Shares to be issued pursuant to the Offer*	250,830,312
Shares on issue after completion of the Offer	1,379,566,715

Note:

** If all Options currently on issue are exercised prior to the Record Date, a further 1,542,222 Shares will be offered pursuant to this Prospectus.*

Options

Exercise Price	Expiry Date	Number
<i>Unquoted Options</i>		
27.5 cents	30 June 2012	440,000
35 cents	30 June 2012	2,550,000
45 cents	30 June 2012	3,325,000
60 cents	30 June 2012	625,000
Options to be issued pursuant to the Offer		Nil
Options on issue after completion of the Offer		6,940,000

No Shares or Options on issue are subject to escrow restrictions, either voluntary or ASX imposed.

Performance Rights

	Number
Performance Share Rights on issue	6,840,470
Performance Share Rights to be issued pursuant to the Offer*	Nil
Performance Share Rights on issue after completion of the Offer	6,840,470

2.4 Potential impact of Offer on control of the Company

Assuming no existing Options are exercised prior to the Record Date, the maximum number of Shares which will be issued pursuant to the Offer is 250,830,312. This equates to approximately 18% of all the issued Shares in the Company following completion of the Offer.

As set out above, the Offer is underwritten by Patersons to \$5,800,000.

At the date of this Prospectus the Underwriter does not have a relevant interest in any Shares.

The extent to which Shares are issued pursuant to the Underwriting Agreement may increase the Underwriter's voting power in the Company.

The Company understands that the Underwriter has engaged a number of sub-underwriters to the Offer. Apart from Paladin, none of the sub-underwriters will be entitled to acquire a relevant interest in the Company greater than 20% of the Shares on completion of the Offer. None of the sub-underwriters are related parties of the Company for the purposes of the Corporations Act.

Should the sub-underwriters to the Offer default in their obligations, the Underwriter would be required to subscribe for the Shortfall Shares itself in accordance with the terms of the Underwriting Agreement, subject to the Underwriter's right to terminate the Underwriting Agreement if the default is by a sub-underwriter introduced by the Company. Should this occur, it could have an impact on the control of the Company. In light of this, the Company is providing the additional disclosure below.

If no Eligible Shareholders subscribe for Shares under the Offer, the sub-underwriters to the Offer default in their obligations and all Shares offered pursuant to this Prospectus are issued to the Underwriter in accordance with the terms and conditions of the Underwriting Agreement, it will increase the Underwriter's voting power in the Company up to 10.9%.

The Underwriter is not a related party of the Company for the purposes of the Corporations Act. The Underwriter's present relevant interest and changes under several scenarios are set out in the table below.

Event	Number of Shares in which Underwriter has a relevant interest	Voting power of Underwriter (%)
Date of Prospectus	Nil	Nil
Offer is fully subscribed (no Shortfall)	Nil	Nil
75% subscribed (25% Shortfall)	Nil	Nil
50% subscribed (50% Shortfall)	12,680,082	1%
25% subscribed (75% Shortfall)	75,387,660	5.95%
0% subscribed (100% Shortfall)	138,095,238	10.9%

The number of Shares held by the Underwriter and its voting power in the table above show the potential effect of the underwriting on the Offer. However, it is unlikely that no Eligible Shareholders, other than the Underwriter, will take up their Entitlements under the Offer. The underwriting obligation and therefore voting power of the Underwriter will reduce by a corresponding amount for the amount of Entitlements taken up by other Eligible Shareholders.

Paladin, a major shareholder and an established uranium producer in Namibia, has agreed to sub-underwrite \$4,000,000 of the Offer. There will be no fees payable to either Paladin or the Underwriter for this portion of the Underwritten Amount. Paladin has informed the Company that it intends to provide funding of \$4,000,000 to the Company pursuant to the offers in this Prospectus. This may be achieved by Paladin satisfying its sub-underwriting obligations, exercising its entitlement under the Offer, or taking up Shortfall Shares, or a combination of any or all of these options.

Pursuant to the Paladin Loan, if Paladin does not provide funding of \$4,000,000 pursuant to the offers under this Prospectus, it may convert all or any part of the outstanding amount under the Paladin Loan to Shares at an issue price of \$0.042 up to an amount equal to \$4,000,000 less the amount subscribed for by Paladin pursuant to the offers under this Prospectus. Paladin may exercise this right to convert at any time before 31 March 2013. Please refer to section 4.4(c) for a summary of the terms of the Paladin Loan.

The Directors acknowledge that the support of this Offer by Paladin is particularly important in these volatile times in capital markets. Paladin's support of the Offer demonstrates its continued support of the Company, its management and its assets, particularly its advanced projects in Namibia. Paladin is well versed in the attributes of Namibia and therefore the potential of the Company's projects.

Paladin may acquire a relevant interest in the Company greater than 20% of the Shares on completion of the Offer. Therefore, the Offer may have an impact on the control of the Company.

In addition, Paladin's voting power may also increase if it exercises its right of conversion under the Paladin Loan as described above.

Paladin is not a related party of the Company for the purposes of the Corporations Act. Paladin's present relevant interest and changes under several scenarios are set out in the table below.

Event	Effect on Paladin's voting power on completion of the Offer		Effect on Paladin's voting power if Paladin exercises its right of conversion of the Paladin Loan ¹	
	Number of Shares in which Paladin has a relevant interest	Voting power (%)	Number of Shares in which Paladin has a relevant interest	Voting power (%)
Date of Prospectus	224,934,461	19.93%	224,934,461	19.93%
Offer is fully subscribed, including Paladin taking up its full Entitlement of 49,985,436 Shares (no Shortfall)	274,919,897	19.93%	320,172,556	22.47%
75% subscribed, including Paladin taking up its full Entitlement of 49,985,436 Shares (25% Shortfall)	274,919,897	20.88%	320,172,556	23.51%
75% subscribed and Paladin does not take up any of its Entitlement Shares (25% Shortfall)	224,934,461	17.08%	320,172,556	22.67%
50% subscribed, including Paladin taking up its full Entitlement of 49,985,436 Shares (50% Shortfall) ²	283,664,781	22.39%	320,172,556	24.57%
50% subscribed and Paladin does not take up any of its Entitlement of Shares (50% Shortfall) ²	233,679,345	18.45%	320,172,556	23.66%
25% subscribed including Paladin taking up its full Entitlement of 49,985,436 Shares (75% Shortfall) ²	326,911,386	25.81%	326,911,386	25.94%

25% subscribed and Paladin does not take up any of its Entitlement Shares (75% Shortfall) ²	276,925,951	21.86%	320,172,556	24.44%
0% subscribed and Paladin does not take up its Entitlement of Shares (100% Shortfall)	320,172,556	25.27%	320,172,556	25.27%

Note:

1 Assumes that the amount outstanding under the Paladin Loan is \$2,000,000.

2 The Underwritten Shares will be allocated to the sub-underwriters on a pro-rata basis and Paladin's voting power has been calculated to reflect this.

The number of Shares held by Paladin and its voting power in the table above show the potential effect of its sub-underwriting of the Offer. The sub-underwriting obligation and therefore voting power of Paladin will reduce by a corresponding amount for the amount of Entitlements taken up by other Eligible Shareholders.

Paladin has informed the Company that if it were to gain effective control of the Company by virtue of shareholdings, including Shares acquired under the Offer and the sub-underwriting of the Offer, the current intentions of Paladin are that, to the extent that it is able to do so having regard to its ownership interest, it would seek to ensure that the Company implements the intentions set out in its Strategic Update announced 15 June 2012 but otherwise:

- generally continue the business of the Company;
- raises the funds necessary to meet the Company's cash requirements;
- subject to any legal requirements, does not make any major changes to the business of the Company nor redeploy any of the fixed assets of the Company; and
- subject to detailed internal review of the operations and budgetary constraints of the Company, continue the employment of the Company's remaining employees.

The intentions and statements of future conduct set out above must also be read as being subject to the legal obligation of the Directors at the time to act in good faith in the best interests of the Company and for proper purposes and to have regard to the interests of the Shareholders.

The implementation of Paladin's current intentions in relation to its ownership interest in the Company will be subject to the law (including the Corporations Act), the Listing Rules and the Company's constitution.

In addition, Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 20% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders are set out in the table below.

Holder	Holding as at Record Date	% at Record Date	Entitlement under the Offer	Holding if Offer not taken up	% post completion of the Offer
Shareholder 1	100,000,000	8.86%	22,222,222	100,000,000	7.25%
Shareholder 2	50,000,000	4.43%	11,111,111	50,000,000	3.62%
Shareholder 3	25,000,000	2.21%	5,555,556	25,000,000	1.81%
Shareholder 4	10,000,000	0.89%	2,222,222	10,000,000	0.72%
Shareholder 5	1,000,000	0.09%	222,222	1,000,000	0.07%
Shareholder 6	100,000	0.01%	22,222	100,000	0.01%

3 Risk Factors

3.1 Introduction

This section identifies the areas the Directors regard as the major risks associated with an investment in the Company. Investors should be aware that an investment in the Company involves many risks, which may be higher than the risks associated with an investment in other companies. Intending investors should read the whole of this Prospectus in order to fully appreciate such matters and the manner in which the Company intends to operate before any decision is made to apply for Shares.

There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. There is also a range of specific risks associated with the Company's business. These risk factors are largely beyond the control of the Company and its Directors because of the nature of the business of the Company. The following summary, which is not exhaustive, represents some of the major risk factors which potential investors need to be aware of.

3.2 Risks specific to the Offer

Potential for significant dilution

Upon completion of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, the number of Shares in the Company will increase from 1,128,736,403 to 1,379,566,715.

This means that each Share will represent a significantly lower proportion of the ownership of the Company. It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer and the Directors do not make any representation to such matters.

The last trading price of Shares on ASX prior to the Prospectus being lodged of \$0.058 is not a reliable indicator as to the potential trading price of Shares following completion of the Offer.

Please refer to section 2.4 of this Prospectus for examples of how the potential dilutionary effect of the Offer may impact Shareholders.

3.3 Risks specific to the Company

Uranium mining regulations

Australia

Uranium mining and exploration in Australia is governed by complex State and Federal legislations and regulations. These regulate a wide range of uranium mining activities including exploration, prospecting, development, transportation, exporting, royalties and discharge of hazardous waste and materials.

Uranium mining is a highly political issue in Australia. There can be no guarantee that government policy will remain the same in the future.

Namibia

Mining in Namibia is subject to regulation under the Namibian Minerals Act 1992. There are also various regulations in place in relation to the exploration, development, production, exports, taxes, royalties, labour standards, occupational health, waste disposal, protection and rehabilitation of the environment, mine reclamation, mine safety, toxic and radioactive substances and other matters. The cost of compliance with such laws and regulations will ultimately increase the cost of exploring, drilling, developing, constructing, operating and closing mines and other production facilities.

There is a risk that government approvals may not be granted, or may be significantly delayed or may make the deposit uneconomic.

General

Approvals required for uranium mining are stringent and rigorous compared with other types of mining activities. Exploration approvals are required before exploration can commence and in the event uranium is discovered, further approvals including safeguard approvals for permits to possess nuclear material. Development of any mineral resources will be dependent on the Company's ability to obtain environmental and legislative approvals to carry out its operations and its ability to meet any proposed conditions on these approvals. There is no guarantee that these approvals will be granted.

Whilst the Company intends to conduct its business in accordance with all applicable laws and regulations, compliance and re-compliance or in order to meet changes to the legislation or regulations can be costly and may ultimately not be viable.

Shareholders should be aware that changes of government, new legislation and changes to existing legislation and government policy may impact upon the approvals granted or seeking to be granted to the Company, the Company's profitability and the viability of the Company's operations.

Additional requirements for capital

The Company's ongoing activities will require substantial expenditures. There can be no guarantee that the funds raised through the Offer will be sufficient to successfully achieve all the objectives of the Company's overall business strategy. If the Company is unable to continue to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Offer, there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional fundraising on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to shareholders and any debt financing if available may involve restrictive covenants, which may limit the Company's operations and business strategy.

The Company's failure to raise capital, if and when needed, could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

Shareholders should note that the financial statements of the Company for the year ended 30 June 2011, and interim financial statements for the half year ended 31 December 2011, have been prepared on a going concern basis. However the ability of the Company to continue as a going concern and to meet planned and committed expenditure requirements is subject to the Company successfully exploiting the exploration assets owned by the Company and/or obtaining equity or debt capital.

Please refer to section 1.2 for more information on the material uncertainty regarding the consolidated entity's continuation as a going concern.

Exploration and operational risks

Mining exploration and production is inherently risky and speculative in nature. There is no guarantee that uranium or other mineral deposits will be discovered in the locations being explored by the Company. In the event that deposits are, or have been discovered, there is no guarantee that they will be in commercially viable quantities or economically profitable.

In addition, the Company's operations and profitability will be affected by operational risks. These include geological conditions, technical difficulties, securing and maintaining tenements, weather and construction of efficient processing facilities. The operation may be affected by force majeure, engineering difficulties and other unforeseen events.

Further, the Company may require approvals and licences necessary to conduct the exploration and mining, which may impose conditions the Company must satisfy in order to proceed with the exploration or production of the deposits. It may not be possible for the Company to satisfy these conditions.

These factors affect the Company's ability to establish mining operations, continue with its projects, earn income from its operations and will affect the Company's share price.

Mineral resource estimates may be inaccurate

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

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

Fluctuation in commodity prices

The Company's projects are predominantly focussed on uranium in Australia and uranium and iron ore in Namibia.

International factors such as inflation, exchange rates, supply and demand and political and economic events, amongst other things, impact on the price of commodities including uranium and iron ore, particularly in the current global economic market. If the price of uranium or iron ore seriously declines in the future, this will materially impact on the Company's ability to continue with its projects and the Company may be forced to discontinue some or all of its operations.

The Company gives no assurance that the fluctuations in the commodity prices will not affect the timing and viability of the projects.

Access to land

The Company will experience delays and cost overruns in the event it is unable to access the land required for its operations. This may be as a result of weather, environmental restraints, native title, harvesting, landholder's activities, government legislation or other factors.

The Company's exploration activities are also dependent upon the grant, or as the case may be, the maintenance or renewal of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations. The maintenance, renewal and granting of tenements often depends on the Company being successful in obtaining required statutory approvals. There is no assurance that the Company will be granted all the mining tenements for which it has applied or that licences, concessions, leases, permits or consents will be renewed as and when required or that new conditions will not be imposed in connection therewith. To the extent such approvals, consents or renewals are not obtained, the Company may be curtailed or prohibited from continuing with its exploration activities or proceeding with any future exploration or development.

Environmental regulation risk

The Company's operations are subject to environmental regulations in Australia and Namibia.

Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Government approvals and permits are required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be delayed or prohibited from proceeding with planned exploration or development of its mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions (including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed) and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions.

Amendments to current laws, regulations and permits governing the Company's operations and activities, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or require abandonment or delays in the development of new properties.

Environmental liabilities risk

The Company's activities are subject to potential risks and liabilities associated with the potential pollution of the environment and the necessary disposal of mining waste products resulting from mineral exploration and production. Insurance against environmental risk (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) is not generally available to the Company (or to other companies in the minerals industry) at a reasonable price. To the extent that the Company becomes subject to environmental liabilities, the satisfaction of any such liabilities would reduce funds otherwise available to the Company and could have a material adverse effect on the Company. Laws and regulations intended to ensure the protection of the environment are constantly changing, and are generally becoming more restrictive.

Land rehabilitation requirements

Although variable, depending on location and the governing authority, land rehabilitation requirements are generally imposed on mineral exploration companies, as well as

companies with mining operations, in order to minimise long term effects of land disturbance. Rehabilitation may include requirements to control dispersion of potentially deleterious effluents and to reasonably re-establish pre-disturbance land forms and vegetation. In order to carry out rehabilitation obligations imposed on the Company in connection with its mineral exploration, the Company must allocate financial resources that might otherwise be spent on further exploration and/or development programs.

Government Policy and Sovereign Risk

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

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

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

Native Title

The High Court of Australia, the *Native Title Act 1993* (Cth) and State legislation recognise Aboriginal heritage and land rights. The risks include the following:

- (a) the Company may have to seek permits or licences to access land the subject of an Aboriginal heritage or land right claim. There is no guarantee that any such permit or licence will be granted;
- (b) the Company may have to comply with restrictions or conditions on accessing land the subject of an Aboriginal heritage or land right claim. This may result in the Company facing unplanned expenditure or delays. Failure to comply with any conditions on the permits may result in the Company losing its title to its tenements or forfeiting its permits;
- (c) the Company may have to pay compensation in order to settle native title claims. It is not possible to quantify the amount of compensation which may have to be paid at this stage; and
- (d) in the event the Company discovers evidence of Aboriginal heritage on land accessed by the Company, the Company must comply with regulations prohibiting the disturbance of physical evidence of prehistoric or historical significance without statutory permission and legislation prohibiting or restricting access to Aboriginal cultural heritage or native title land. Accordingly, delays or additional costs in the exploration or production of the Company's business may be experienced. Further,

the disturbance of any such land or objects may expose the Company to additional fines or other penalties.

Metallurgical risks

The economic viability of base metal recovery depends on a number of factors such as the development of an economic process route for metal concentrates. Further, changes in mineralogy may result in inconsistent metal recovery.

Competition from Alternative Energy and Public Perception

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

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

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

Specific Tenure Risk

On 24 November 2011 legal proceedings were commenced in The High Court of Namibia requesting an order to be provided with documentation and an inspection of documentation held by the Minister of Mines and Energy of Namibia (**MME**) and other related government departments on the issue of 14 EPLs held by a number of different entities (**Application**). Exclusive Prospecting Licences 3496, 3668 and 3669 (**Reptile and Nova EPLs**), held by the Company's wholly owned subsidiary, Reptile Uranium Namibia (Pty) Ltd (**Reptile**) and its 65% owned subsidiary Nova Energy (Namibia) (Pty) Ltd (**Nova Energy**) are among the 14 EPL's and as a result Reptile and Nova Energy are respondents to the legal proceedings brought by the applicant, Tumas Granite Close Corporation (**Tumas Granite**), a company controlled by Mr Jurgen Hoffman.

The Application was made following the refusal of MME in October 2007 to grant an application by Tumas Granite to prospect for dimension stone pursuant to Exclusive Prospecting Licence 3366 (**EPL 3366**) on 11 May 2005 (amended in April 2008 to include the nuclear fuels minerals group and precious metals group). The Application was made to determine whether or not the MME has in fact made a decision with regard to the application for EPL 3366.

The area covered by Tumas Granite's application for EPL3366 partly falls within the areas of the Reptile and Nova EPLs, which were granted on 6 June 2006 and 21 November 2006, respectively. The area of overlap that the application for EPL 3366 has with Reptile's Exclusive Prospecting Licence 3496 includes part of the Omahola project deposits of Ongolo and MS7. The area of overlap that the application for EPL 3366 has with Nova Energy's Exclusive Prospecting Licences 3668 and 3669 does not include any known targets on the Nova Energy tenements.

The Application is still pending. Tumas Granite has indicated it will, depending on the outcome of the Application, consider whether to take further legal proceedings in having the MME's decision concerning the application for EPL 3366 reviewed, or to have the MME's decision to grant the Reptile and Nova EPLs reviewed.

If Tumas Granite makes such a review application, they may seek an order declaring the grant of the Reptile and Nova EPLs to be invalid, because the application for EPL 3366 overlaps, and is inconsistent, with the Reptile and Nova EPLs.

3.4 General Risks

Economic Risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- interest rates and inflation rates;
- currency fluctuations;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

Insurance coverage risk

Exploration and development operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, ground or slope failures, fires, floods, earthquakes and other environmental occurrences, political and social instability that could result in damage to or destruction of mineral properties or producing facilities, personal injury or death, environmental damage, delays in mining caused by industrial accidents or labour disputes, changes in regulatory environment, monetary losses and possible legal liability.

It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and development is not generally available to the Company or to other companies in the industry on acceptable terms. Should such liabilities arise, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the securities of the Company.

Unforeseen expenses

The Company may be subject to significant unforeseen expenses or actions.

This may include unplanned operating expenses, future legal actions or expenses in relation to future unforeseen events. The Directors expect that the Company will have

adequate working capital to carry out its stated objectives however there is the risk that additional funds may be required to fund the Company's future objectives.

Litigation risk

The Company is subject to litigation risks. All industries, including the minerals exploration industry, are subject to legal claims, with and without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit.

Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Company is or may become subject could have a material effect on its financial position, results of operations or the Company's activities.

Share market risk

The market price of the Company's Shares could fluctuate significantly. The market price of the Company's Shares may fluctuate based on a number of factors including the Company's operating performance and the performance of competitors and other similar companies, the public's reaction to the Company's press releases, other public announcements and the Company's filings with the various securities regulatory authorities, changes in earnings estimates or recommendations by research analysts who track the Company's Shares or the shares of other companies in the resource sector, changes in general economic conditions, the number of the Company's Shares publicly traded and the arrival or departure of key personnel, acquisitions, strategic alliances or joint ventures involving the Company or its competitors.

In addition, the market price of the Company's Shares are affected by many variables not directly related to the Company's success and are therefore not within the Company's control, including other developments that affect the market for all resource sector shares, the breadth of the public market for the Company's Shares, and the attractiveness of alternative investments. In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies.

Reliance on key personnel

The Company's prospects depend in part on the ability of its executive officers, senior management and key consultants to operate effectively, both independently and as a group. The loss of the services of one or more of such key management personnel could have a material adverse effect on the Company. The Company's ability to manage its exploration and development activities, and hence its success, will depend in large part on the efforts of these individuals. Investors must be willing to rely to a significant extent on management's discretion and judgement, as well as the expertise and competence of outside contractors.

Joint venture parties, contractors and agents

The Directors are unable to predict the risk of:

- financial failure or default by a participant in any joint venture to which the Company is or may become a party;
- insolvency or other managerial failure by any of the contractors used by the Company in any of its activities; or

- insolvency or other managerial failure by any of the other service providers used by the Company for any activities.

3.5 Speculative nature of investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

For personal use only

4 Additional information

4.1 Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the *Corporations Act*) and is subject to the regime of continuous disclosure and periodic reporting requirements. Specifically as a listed company, the Company is subject to the Listing Rules which require continuous disclosure to the market of any information possessed by the Company which a reasonable person would expect to have a material effect on the price or value of its Shares.

The board of Directors have adopted a policy on compliance with the Listing Rules which sets out the obligations of the Directors, officers and employees to ensure the Company satisfies the continuous disclosure obligations imposed by the Listing Rules and the *Corporations Act*. The policy provides information as to what a person should do when they become aware of information which could have material effect on the Company's securities and the consequences of non compliance.

4.2 Legal framework of this Prospectus

As a "disclosing entity", the Company has issued this Prospectus in accordance with section 713 of the *Corporations Act* applicable to prospectuses for an offer of securities which are quoted enhanced disclosure (ED) securities and the securities are in a class of securities that were quoted ED securities at all times in the 12 months before the issue of this Prospectus.

This Prospectus is a "transaction specific prospectus". In general terms, a transaction specific prospectus is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the requirements of ASX as applicable to disclosing entities from time to time, and which require the Company to notify ASIC of information available to the stock market conducted by ASX, throughout the 3 months before the issue of this Prospectus.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The ASX maintains files containing publicly disclosed information about all listed companies. The Company's file is available for inspection at ASX in Perth during normal working hours. In addition, copies of documents lodged by, or in relation to, the Company with ASIC may be obtained from, or inspected at, any regional office of ASIC.

4.3 Information available to Shareholders

The Company will provide a copy of each of the following documents, free of charge, to any investor who so requests during the application period under this Prospectus:

- (a) the Annual Financial Report for the Company for the year ending 30 June 2011;
- (b) the Interim Financial Report of the Company for the half-year ending 31 December 2011; and
- (c) the following documents used to notify ASX of information relating to the Company during the period after lodgement of the Annual Financial Report of the Company for the period ending 30 June 2011 and before the issue of this Prospectus:

Date	Announcement
19 June 2012	Capital Raising with Major Shareholder Support
15 June 2012	Strategic Update
15 June 2012	Raptor Earn-out Termination
14 June 2012	Suspension from Official Quotation
12 June 2012	Trading Halt
14 May 2012	MS7 Chemical Assay Results
7 May 2012	Ongolo South Discovery and MS7 Drilling Results
4 May 2012	Response to ASX Query
1 May 2012	120 Metre Intercept at MS7
30 April 2012	Quarterly Cashflow Report – March 2012
30 April 2012	Quarterly Activities Report – March 2012
24 April 2012	Raptor Earn Out Rights Discussion
19 April 2012	Audio Broadcast
11 April 2012	Executive Role Change
11 April 2012	Appointment of AIM Advisors
10 April 2012	MS7 Drilling Results
5 April 2012	New Discovery Near Ongolo

Date	Announcement
20 March 2012	Mines and Money Presentation – March 2012
19 March 2012	Shiyela Environmental Clearance
15 March 2012	DYL Half Year Report 31 December 2011
28 February 2012	INCA and TRS Environmental Clearances
28 February 2012	DYL Paydirt Presentation
28 February 2012	TRS Project Resource Increased
23 February 2012	2012 Ongolo and MS7 Deposits Drill Program Underway
21 February 2012	Nova Energy EPLs Renewed
17 February 2012	Shiyela Advisers Appointed
2 February 2012	Audio Broadcast – Company Update and Inca Upgrade
30 January 2012	Investor Presentation
27 January 2012	Inca Resource Grade Increased
25 January 2012	Scoping Study Received for Shiyela Iron Project
23 January 2012	Quarterly Cashflow Report – December 2011
23 January 2012	Quarterly Activities Report – December 2011
15 December 2011	Employee Performance Share Rights
13 December 2011	MS7 Alaskite Deposit Resource More Than Doubled
12 December 2011	Mining Licence Application Submitted – Shiyela Iron Project
6 December 2011	Shiyela Iron Project – Maiden JORC Resource Estimate
5 December 2011	Appendix 3Y M Kavanagh
5 December 2011	Appendix 3B
1 December 2011	New JORC Table and MS7 Resource Update Progress
23 November 2011	Highest Grade Intercepts at MS7

Date	Announcement
17 November 2011	Results of AGM
17 November 2011	AGM Presentation
17 November 2011	Shiyela Iron Project – High Quality Product Confirmed
16 November 2011	More MS7 High Grade Intersections
9 November 2011	Mining Licence Applications Submitted – Inca and Tubas Areas
7 November 2011	20 20 Innovation in Exploration Conference Presentation
7 November 2011	Ongolo Alaskite Resource is Tripled
1 November 2011	EIA Submission for Inca and Tubas Red Sands
1 November 2011	EIA Submission for Shiyela
27 October 2011	High Grade Uranium Results Continue at Ongolo and MS7
26 October 2011	Appendix 5B – September 2011 Quarter
26 October 2011	September 2011 Quarterly Report
19 October 2011	Shiyela Iron Project – Metallurgical Testwork Update
17 October 2011	Deep Yellow Limited – Proxy Form

4.4 Material Contracts

(a) Underwriting Agreement

Pursuant to the Underwriting Agreement dated 19 June 2012 between the Company and the Underwriter, the Underwriter has agreed to underwrite to \$5,800,000 of the Offer pursuant to this Prospectus. All valid applications received by the Company for Shares pursuant to offers under this Prospectus, from all sources, will be deemed to have been accepted in full by the Company and will go in relief of the obligations of the Underwriter under the Underwriting Agreement.

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter an underwriting fee of 6% (excluding GST) of the value of the Underwritten Amount, excluding any amount of the Offer that is sub-underwritten by Paladin, as consideration for the Underwriter's underwriting obligation in accordance with the Underwriting Agreement (**Underwriting Fee**). No fees will be paid by the Company or Patersons on any contribution from Paladin.

Patersons will also be paid a 6% selling fee on the placement of any Shortfall Shares that are not underwritten, except in relation to any Shortfall Shares that are placed to Paladin(if any) (**Selling Fee**). The Underwriter will pay a stamping fee of 3% for any valid

applications for non-underwritten Shortfall received from other brokers from the Selling Fee. In addition, Patersons will be paid a fee of \$80,000 in consideration for its role as lead manager of the Offer and will be reimbursed reasonable costs and expenses incidental to the Offer

The Underwriting Agreement provides that the Underwriter may, in its absolute discretion and without cost or liability to the Underwriter, terminate its obligations under the Underwriting Agreement at any time prior to the date at which the allotment of the last of the Shares occurs in accordance with the Prospectus and the Underwriting Agreement, upon the occurrence of any one or more of the termination events after the date of the Underwriting Agreement, including:

- (a) **(Indices fall)**: any of the All Ordinaries Index or the All Industrial Index as published by ASX is at any time after the date of this Agreement 7.5% or more below its respective level as at the close of business on the Business Day prior to the date of this Agreement; or
- (b) **(Prospectus)**: the Company does not lodge the Prospectus on the Lodgement Date or the Prospectus or the Offer is withdrawn by the Company; or
- (c) **(Copies of Prospectus)**: the Company fails to comply with clause 4.1(e) and such failure is not remedied within 2 days; or
- (d) **(No Official Quotation)**: Official Quotation has not been granted by the Shortfall Notice Deadline Date or, having been granted, is subsequently withdrawn, withheld or qualified; or
- (e) **(Supplementary prospectus)**:
 - (i) the Underwriter, having elected not to exercise its right to terminate its obligations under this Agreement as a result of an occurrence as described in clause 13.1(s)(vi), forms the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary or replacement prospectus in such form and content and within such time as the Underwriter may reasonably require; or
 - (ii) the Company lodges a supplementary or replacement prospectus without the prior written agreement of the Underwriter (such agreement not to be unreasonably withheld or delayed); or
- (f) **(Non-compliance with disclosure requirements)**: it transpires that the Prospectus does not contain all the information required by section 713 of the Corporations Act; or
- (g) **(Misleading Prospectus)**: it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of section 713 of the Corporations Act) or if any statement in the Prospectus becomes or misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive;
- (h) **(Restriction on allotment)**: the Company is prevented from allotting the Rights Shares within the time required by this Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC,

ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;

- (i) **(Withdrawal of consent to Prospectus)**: any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent;
- (j) **(ASIC application)**: an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Prospectus, the Shortfall Notice Deadline Date has arrived, and that application has not been dismissed or withdrawn;
- (k) **(ASIC hearing)**: ASIC gives notice of its intention to hold a hearing under section 739 or any other provision of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or ASIC makes an interim or final stop order in relation to the Prospectus under section 739 or any other provision of the Corporations Act;
- (l) **(Takeovers Panel)**: the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel;
- (m) **(Hostilities)**: there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this agreement involving one or more of Australia, New Zealand, Namibia, South Africa, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, or the Peoples Republic of China, Israel or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world, such act having a Material Adverse Effect;
- (n) **(Authorisation)** any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter;
- (o) **(Indictable offence)**: a director or senior manager of a Relevant Company is charged with an indictable offence;
- (p) **(Sub-underwriters)**: any of the Company Sub-Underwriters that are introduced by the Company do not comply with its obligations under the sub-underwriting agreements or threaten to not comply with its respective obligations under the sub-underwriting agreements;
- (q) **(Termination Events)**: subject always to clause 13.2, any of the following events occurs:
 - (i) **(Default)**: default or breach by the Company under this Agreement of any terms, condition, covenant or undertaking;
 - (ii) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in this Agreement is or becomes untrue or incorrect;
 - (iii) **(Contravention of constitution or Act)**: a contravention by a Relevant Company of any provision of its constitution, the Corporations Act, the

Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;

- (iv) **(Adverse change)**: an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a prospective adverse change after the date of this Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;
- (v) **(Error in Due Diligence Results)**: it transpires that any of the Due Diligence Results or any part of the Verification Material was false, misleading or deceptive or that there was an omission from them;
- (vi) **(Significant change)**: a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
- (vii) **(Public statements)**: without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer, the Issue or the Prospectus;
- (viii) **(Misleading information)**: any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the Issue or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive;
- (ix) **(Official Quotation qualified)**: the Official Quotation is qualified or conditional other than as set out in the definition of "Official Quotation";
- (x) **(Change in Act or policy)**: there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
- (xi) **(Prescribed Occurrence)**: a Prescribed Occurrence occurs other than for the issue of any securities referred to in a material contract described in the Prospectus;
- (xii) **(Suspension of debt payments)**: the Company suspends payment of its debts generally;
- (xiii) **(Event of Insolvency)**: an Event of Insolvency occurs in respect of a Relevant Company;
- (xiv) **(Judgment against a Relevant Company)**: a judgment in an amount exceeding \$100,000 is obtained against a Relevant Company and is not set aside or satisfied within 7 days;
- (xv) **(Litigation)**: litigation, arbitration, administrative or industrial proceedings are after the date of this Agreement commenced or threatened against any Relevant Company, other than any claims foreshadowed in the Prospectus;

- (xvi) **(Board and senior management composition)**: there is a change in the composition of the Board or a change in the senior management of the Company before Completion without the prior written consent of the Underwriter; except for any change that the Company has previously disclosed to the ASX, without the prior written consent of the Underwriter (which consent must not be unreasonably withheld or delayed);
- (xvii) **(Change in shareholdings)**: there is a material change in the major or controlling shareholdings of a Relevant Company or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company except pursuant to the Offer or as described in the Prospectus;
- (xviii) **(Indicative Timetable)**: without the written consent of the Underwriter, there is a delay in any specified date in the Indicative Timetable which is greater than 3 Business Days;
- (xix) **(Force Majeure)**: a Force Majeure affecting the Company's business or any obligation under the Agreement lasting in excess of 7 days occurs;
- (xx) **(Certain resolutions passed)**: a Relevant Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter (which consent must not be unreasonably withheld or delayed);
- (xxi) **(Capital Structure)**: any Relevant Company alters its capital structure in any manner not contemplated by the Prospectus;
- (xxii) **(Investigation)**: any person is appointed under any legislation in respect of companies to investigate the affairs of a Related Company;
- (xxiii) **(Market Conditions)**: a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets; or
- (xxiv) **(Suspension)**: the Company is removed from the Official List or the Shares become suspended from Official Quotation and that suspension is not lifted within 48 hours following such suspension.

The Underwriter may not exercise its rights under clause (q) above unless, in the reasonable opinion of the Underwriter reached in good faith, the occurrence of a Termination Event has or is likely to have, or two or more Termination Events together have or are likely to have:

- (a) a Material Adverse Effect; or
- (b) could give rise to a liability of the Underwriter under the Corporations Act or otherwise.

In this section 4.4(a):

Event of Insolvency means:

- For personal use only
- (a) a receiver, manager, receiver and manager, trustee, administrator, Controller or similar officer is appointed in respect of a person or any asset of a person;
 - (b) a liquidator or provisional liquidator is appointed in respect of a corporation;
 - (c) any application (not being an application withdrawn or dismissed within 7 days) is made to a court for an order, or an order is made, or a meeting is convened, or a resolution is passed, for the purpose of:
 - (i) appointing a person referred to in paragraphs (a) or (b);
 - (ii) winding up a corporation; or
 - (iii) proposing or implementing a scheme of arrangement;
 - (d) any event or conduct occurs which would enable a court to grant a petition, or an order is made, for the bankruptcy of an individual or his estate under any Insolvency Provision;
 - (e) a moratorium of any debts of a person, or an official assignment, or a composition, or an arrangement (formal or informal) with a person's creditors, or any similar proceeding or arrangement by which the assets of a person are subjected conditionally or unconditionally to the control of that person's creditors or a trustee, is ordered, declared, or agreed to, or is applied for and the application is not withdrawn or dismissed within 7 days;
 - (f) a person becomes, or admits in writing that it is, is declared to be, or is deemed under any applicable Act to be, insolvent or unable to pay its debts; or
 - (g) any writ of execution, garnishee order, mareva injunction or similar order, attachment, distress or other process is made, levied or issued against or in relation to any asset of a person.

Material Adverse Effect means:

- (a) a material adverse effect on the outcome of the Offer or on the subsequent market for the Rights Shares (including, without limitation, matters likely to have a material adverse effect on a decision of an investor to invest in Rights Shares); or
- (b) a material adverse effect on the assets, condition, trading or financial position, performance, profits and losses, results, prospects, business or operations of the Company and its Subsidiaries either individually or taken as a whole; or
- (c) the Underwriter's obligations under this Agreement becoming materially more onerous than those which exist at the date of this Agreement; or
- (d) a material adverse effect on the tax position of either:
 - (i) the Company and its Subsidiaries either individually or taken as a whole; or
 - (ii) an Australian resident shareholder in the Company.

Prescribed Occurrence means:

- (a) a Relevant Company converting all or any of its shares into a larger or smaller number of shares;
- (b) a Relevant Company resolving to reduce its share capital in any way;

- (c) a Relevant Company:
- (i) entering into a buy-back agreement or;
 - (ii) resolving to approve the terms of a buy-back agreement under section 257C or 257D of the Corporations Act;
- (d) a Relevant Company making an issue of, or granting an option to subscribe for, any of its shares, or agreeing to make such an issue or grant such an option, other than an issue or agreement to issue in accordance with the Offer or the terms of this Agreement;
- (e) a Relevant Company issuing, or agreeing to issue, convertible notes;
- (f) a Relevant Company disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (g) a Relevant Company charging, agreeing to charge, the whole, or a substantial part, of its business or property;
- (h) a Relevant Company resolving that it be wound up;
- (i) the appointment of a liquidator or provisional liquidator to a Relevant Company;
- (j) the making of an order by a court for the winding up of a Relevant Company;
- (k) an administrator of a Relevant Company, being appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) a Relevant Company executing a deed of company arrangement; or
- (m) the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of a Relevant Company.

Any such termination by the Underwriter will take effect upon receipt by the Company of written notice to that effect. Upon such notice, fees and expenses will be payable to the Underwriter in accordance with the terms of the Underwriting Agreement.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter and other terms and conditions that are considered standard for an agreement of this type.

(b) Heads of Agreement with Raptor

The Company and Raptor have entered into a binding Heads of Agreement dated 12 June 2012 (**Execution Date**) under which the Company and Raptor agreed to terminate the Earnout Agreement, pursuant to which the Company agreed to pay Raptor, either in cash and/or Shares, earn-out payments equal to 1.5% of the in-ground value of each identified Mineral Resource within the area of the Reptile Tenements upon completion of a bankable feasibility study and in respect of which a decision to mine is made. In consideration for the termination of the Earnout Agreement, the Company will issue 129,333,333 Shares (each with a deemed issue price of \$0.1152 per Share) and pay a cash amount of \$100,000. Raptor agrees that it will enter into a voluntary escrow deed under which the Shares issued to it will be voluntarily escrowed as follows:

- 50,000,000 Shares for a period of 12 months from the Execution Date; and
- 50,000,000 Shares for a period of 24 months from the Execution Date; and
- 29,333,333 Shares for a period of 36 months from the Execution Date.

The Heads of Agreement is conditional upon:

- the Company obtaining all necessary consents and approvals, including Shareholder approval for the purposes of Listing Rule 10.1; and
- the Company and Raptor entering into the voluntary escrow deed for the escrow of the Shares referred to above.

In addition, under the Heads of Agreement Raptor will continue to have the right to nominate a Director to the Board until the cessation of the period of the voluntary escrow of the Shares issued to it.

With effect from the date the Shares are issued and the cash consideration is paid, each party irrevocably and unconditionally releases each other party, and its directors, servants, agents and employees, from all liability, obligations, actions, proceedings, accounts, claims, demands and losses whatsoever relating to or arising out of the Earnout Agreement.

Raptor warrants to the Company that the issue of the Shares to Raptor will not result in Raptor's voting power in the Company increasing to more than 20%.

(c) Paladin Loan Agreement

On 19 June 2012, the Company and Paladin entered into a loan agreement pursuant to which Paladin agreed to provide an unsecured loan of \$2,000,000 to the Company (**Paladin Loan**). The Company must repay the Paladin Loan and all accrued but unpaid interest in respect of the Paladin Loan and any other moneys due to Paladin under the terms of the Paladin Loan no later than 31 March 2013.

Paladin may set-off such portion of the Paladin Loan against any amount owing by the Company in respect of an application for securities under a capital raising conducted by the Company (including but not limited to participation in a placement; take up of an entitlement; or in satisfaction of an underwriting commitment).

Further, if Paladin is obliged to subscribe for Shares in the Company pursuant to any sub-underwriting commitment or otherwise, the Company has agreed to repay to Paladin, immediately on demand, an amount of the loan equal to the amount paid or payable by Paladin pursuant to that sub-underwriting or other subscription commitment, but such amount not to exceed the amount outstanding.

Pursuant to the Paladin Loan, if Paladin does not provide funding of \$4,000,000 pursuant to the offers under this Prospectus, it may convert all or any part of the outstanding amount under the Paladin Loan to Shares at an issue price of \$0.042 up to an amount equal to \$4,000,000 less the amount subscribed for by Paladin pursuant to the offers under the Prospectus. Paladin may exercise this right to convert the Paladin Loan at any time before 31 March 2013. The Company must issue the Shares the subject of the conversion notice within 3 business days after the notice is issued, unless shareholder approval to issue the Shares is required in which event the Company must seek that approval as soon as practicable and issue to Paladin the Shares the subject of the conversion within 3 business days after obtaining shareholder approval.

In addition, the Paladin Loan will become repayable immediately upon demand by Paladin if a default event occurs. Default events include, amongst other things, a failure by the Company to pay a sum owing under the Paladin Loan agreement, a breach by the Company of the terms of the Paladin Loan agreement or the Company entering into receivership, administration or winding up procedures.

Interest will accrue on the outstanding balance of the Paladin Loan at the rate of 10% per annum.

Paladin is a substantial shareholder of the Company and a sub-underwriter of the Offer pursuant to the Prospectus.

The Paladin Loan was considered by the board of Directors (in the absence of Gillian Swaby, who is a Director of the Company and the company secretary of Paladin) to be made on arm's length commercial terms.

4.5 Corporate Governance

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The board of Directors is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent that they are applicable to the Company, the board of Directors has adopted the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*.

A summary of the Company's corporate governance policies and procedures is available on the Company's website at www.deeppyellow.com.au

4.6 Rights Attaching to Shares

The Shares to be issued pursuant to this Prospectus will rank equally in all respects with existing Shares in the Company.

Full details of the rights attaching to the Company's Shares are set out in its Constitution, a copy of which can be inspected at the Company's registered office.

The following is a summary of the principal rights which attach to the Company's Shares:

(a) Voting

Every holder of Shares present in person or by proxy, attorney or representative at a meeting of Shareholders has one vote on a vote taken by a show of hands (except if a Shareholder has appointed 2 proxies, neither of those proxies may vote), and, on a poll every holder of Shares who is present in person or by proxy, attorney or representative has one vote for every Share held by him or her, and a proportionate vote for every partly paid Share, registered in such Shareholder's name on the Company's share register.

A poll may be demanded by the chairman of the meeting, by any five Shareholders entitled to vote on the particular resolution present in person or by proxy, attorney or representative, or by any one or more Shareholders who are together entitled to not less than 5% of the total voting rights of the Shares of all those Shareholders having the right to vote on the resolution.

(b) Dividends

Dividends are payable out of the Company's profits and are declared by the Directors.

(c) Transfer of Shares

A Shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by the Listing Rules or the

Corporations Act for the purpose of facilitating transfers in Shares or by an instrument in writing in a form approved by ASX or in any other usual form or in any form approved by the Directors.

The Directors of the Company may refuse to register any transfer of Shares, where the Company is permitted or required to do so by the Listing Rules or the ASX Settlement Operating Rules. The Company must not prevent, delay or interfere with the registration of a proper market transfer in a manner which is contrary to the provisions of any of the Listing Rules or the ASX Settlement Operating Rules.

(d) Meetings and Notice

Each Shareholder is entitled to receive notice of and to attend general meetings for the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution of the Company, the *Corporations Act* or the Listing Rules.

(e) Liquidation Rights

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

(f) Shareholder Liability

As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(g) Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. At least 28 days' written notice, specifying the intention to propose the resolution as a special resolution must be given.

(h) ASX Listing Rules

If the Company is admitted to the Official List, then despite anything in the Constitution of the Company, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision or not to contain a provision the Constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the Constitution is or becomes inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

4.7 Litigation

On 24 November 2011 legal proceedings were commenced in The High Court of Namibia requesting an order for the applicant to be provided with documentation and an inspection of documentation held by the Minister of Mines and Energy of Namibia (**MME**) and other related government departments on the issue of 14 EPLs held by a number of different entities (**Application**). Exclusive Prospecting Licences 3496, 3668 and 3669 (**Reptile and Nova EPLs**), held by the Company's wholly owned subsidiary, Reptile

Uranium Namibia (Pty) Ltd (**Reptile**) and its 65% owned subsidiary Nova Energy (Namibia) (Pty) Ltd (**Nova Energy**) are among the 14 EPL's and as a result Reptile and Nova Energy are respondents to the legal proceedings brought by the applicant, Tumas Granite Close Corporation (**Tumas Granite**), a company controlled by Mr Jurgen Hoffman.

The Application was made following the refusal of MME in October 2007 to grant an application by Tumas Granite to prospect for dimension stone pursuant to Exclusive Prospecting Licence 3366 (**EPL 3366**) on 11 May 2005 (and amended in April 2008 to include the nuclear fuels minerals group and precious metals group). The Application was made to determine whether or not the MME has in fact made a decision with regard to the application for EPL 3366.

The area covered by Tumas Granite's application for EPL3366 partly falls within the areas of the Reptile and Nova EPLs, which were granted on 6 June 2006 and 21 November 2006, respectively. The area of overlap that the application for EPL 3366 has with Reptile's Exclusive Prospecting Licence 3496 includes part of the Omahola project deposits of Ongolo and MS7. The area of overlap that the application for EPL 3366 has with Nova Energy's Exclusive Prospecting Licences 3668 and 3669 does not include any known targets on the Nova Energy tenements.

The Application by Tumas Granite is still pending. Tumas Granite has indicated it will, depending on the outcome of the Application, consider whether to take further legal proceedings in having the decision concerning the application for EPL 3366 reviewed or to have the MME's decision to grant the Reptile and Nova EPLs reviewed.

Other than the above mentioned matter, as at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

4.8 Interests of Directors

(a) Directors' Holdings

At the date of this Prospectus the relevant interest of each of the Directors in the securities of the Company are as follows:

Director	Number of Shares		Number of Options	Number of Share Rights	
	Direct	Indirect		Direct	Indirect
Mervyn Greene	21,945,000	29,546,667 ¹	Nil	Nil	Nil
Greg Cochran	100,000	Nil	Nil	1,500,000	Nil
Gillian Swaby	40,040,400	9,959,600 ²	Nil	Nil	Nil
Martin Kavanagh	567,500	153,000 ³	Nil	1,070,000	Nil
Rudolf Brunovs	Nil	125,000 ⁴	Nil	Nil	Nil

Notes:

¹ Shares held by HSBC Custody Nominees (Australia) Limited on behalf of MGR Trust of which a family member of Mervyn Greene is a beneficiary and MGR Group Limited SSAS of which Mervyn Greene is a trustee.

² Shares held by Strategic Consultants Pty Ltd, a company in which G Swaby is a sole director and sole shareholder.

³ Shares held by Conway Bay Pty Ltd ATF The Kavanagh Superannuation Fund of which Martin Kavanagh is a beneficiary.

⁴ Shares held by Mainstay Consulting Pty Ltd ATF The Brunovs Family Account of which Rudolf Brunovs is a beneficiary.

It is the current intention of Greg Cochran, Gillian Swaby and Rudolf Brunovs to take-up some or all of their respective Entitlements offered to them under this Prospectus. The other Directors may or may not take up their Entitlement. All Directors may or may not purchase additional Shares prior to the Record Date.

(b) Remuneration of Directors

The Constitution of the Company provides that the non-executive Directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate maximum sum per annum from time to time determined by the Company in general meeting (which is currently \$450,000 per annum).

A Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Details of remuneration provided to Directors and their associated entities during the financial years ended 30 June 2010 and 30 June 2011 and the current financial year to date (from 1 July 2011 to 31 May 2012), are as follows:

Directors		Fees/ Salaries/ Termination (\$)	Super- annuation (\$)	Share based payments (\$)	Annual Leave Movement (\$)	Long service leave (\$)	Other non- monetary remuneration (\$)	Total (\$)
Director	Financial Year End							
M Greene	2012 ¹	149,292	-	-	-	-	-	149,292
	2011	120,000	-	-	-	-	-	120,000
	2010	134,000	-	-	-	-	-	134,000
G Cochran	2012 ¹	426,250	38,363	132,967	-	7,744	-	605,324
	2011	267,436	21,946	48,351	-	2,917	-	340,650
	2010	-	-	-	-	-	-	-
G Swaby	2012 ¹	63,073	5,677	-	-	-	-	68,750
	2011	65,000	5,850	-	-	-	-	70,850
	2010	65,000	5,850	-	-	-	-	70,850
M Kavanagh	2012 ¹	277,530	24,978	142,836	-	5,042	-	450,386
	2011	316,158	26,422	125,742	-	4,893	-	473,215
	2010	316,157	26,422	24,705	-	4,893	-	372,177
R Brunovs	2012 ¹	67,278	6,055	-	-	-	-	73,333
	2011	69,900	5,850	-	-	-	-	75,750
	2010	72,500	5,850	-	-	-	-	78,350

Notes:

¹ Amounts for 2012 include remuneration paid and payable for the 11 month period from 1 July 2011 to 31 May 2012 inclusive.

Except as disclosed in this Prospectus, no Director (whether individually or in consequence of a Director's association with any company or firm or in any material contract entered into by the Company) has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, Options or otherwise) have been paid or agreed to be paid to any Director or to any company or firm with which a Director is associated to induce him to become, or to qualify as, a Director, or otherwise for services rendered by him or his company or firm with which the Director is associated in connection with the formation or promotion of the Company or the Offer.

The Company has paid insurance premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings while acting in the capacity of a Director.

4.9 Interests of Named Persons

Except as disclosed in this Prospectus, no promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity in

connection with the preparation or distribution of the Prospectus, holds, or during the last two years has held, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer,

and no amounts of any kind (whether in cash, Shares, Options or otherwise) have been paid or agreed to be paid to a promoter or any person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus for services rendered by that person in connection with the formation or promotion of the Company or the Offer.

Patersons has acted as lead manager and underwriter in relation to the Offer. The Company will pay approximately \$80,000 (plus GST) to Patersons in relation to its role as lead manager to the Offer. In addition Patersons, will be paid 6% of the Underwriting Amount, less Paladin's contribution, being an amount up to \$108,000, in respect of the underwriting of the Offer. All fees payable to sub-underwriters will be paid by Patersons out of the underwriting fee. Patersons will not be paid an underwriting fee on any contribution from Paladin.

Patersons will receive a selling fee of 6% on the placement of any Shortfall Shares that is not underwritten, payable by the Company. Patersons will pay a stamping fee of 3% for any valid applications received from other brokers from this Selling Fee. Patersons will not be paid a selling fee on any contribution from Paladin.

Patersons has provided other professional services to the Company during the last two years for which the Company has incurred fees totalling approximately \$15,000 (plus GST).

On 15 March 2012, the Company entered into a mandate agreement with Patersons for the exclusive appointment of Patersons for a period of 12 months to secure a buyer for the Company's interests in its assets located in Queensland and Northern Territory. The Company has agreed to pay Patersons a monthly retainer of \$15,000 (plus GST) commencing on 15 March 2012 and for a period of three months. A success fee will also be payable by the Company based on the price received by the Company for the above assets upon the completion of the successful divestment of the such assets. In addition, the Company will reimburse Patersons its reasonable out-of-pocket expenses.

Gilbert + Tobin has acted as solicitors to the Company in relation to the Offer. The Company will pay approximately \$90,000 (plus GST) to Gilbert + Tobin for these services. Gilbert + Tobin has provided other professional services to the Company since 1 July 2011 for which the Company has paid fees totalling approximately \$129,026 (plus GST).

4.10 Consents

Each of the other parties referred to in this section 4.10:

- (a) does not make, or purport to make, any statement in this Prospectus or on which a statement made in the Prospectus is based other than as specified in this section; and

- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Each of the following has consented to being named in the Prospectus in the capacity as noted below and have not withdrawn such consent prior to the lodgement of this Prospectus with ASIC:

- (a) Patersons as lead manager and underwriter to the Offer;
- (b) Gilbert + Tobin as solicitors to the Company in relation to the Offer; and
- (c) Ernst & Young as auditors to the Company.

Patersons has given its written consent to references to Patersons included in the Prospectus in the form and context in which they appear. Patersons has not authorised or caused the issue of the Prospectus, or assumed responsibility for any part of this Prospectus except as set out in the consent.

Ernst & Young has given its written consent to references in the Prospectus to the consolidated statement of financial position of the Company as at 31 December 2011 as being reviewed by the Ernst & Young, in its capacity as auditor, in the form and context in which it appears and to all statements based on that review. Ernst & Young has not withdrawn such consent before lodgement of this Prospectus with ASIC.

Paladin has given its written consent to the inclusion in sections 2.4 and 4.4(c) of this Prospectus as to statements in relation to its intentions, including in respect of its holding in the Company if it were to gain effective control of the Company by virtue of shareholdings, and to all references to its statement in the form and context to which those references appear in this Prospectus and has not withdrawn such consents before lodgement of the Prospectus with ASIC.

Computershare Investor Services Pty Ltd has had no involvement in the preparation of any part of the Prospectus other than being named as the Company's share registry. Computershare Investor Services Pty Ltd has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for any part of the Prospectus.

There are a number of persons referred to elsewhere in this Prospectus who are not experts and who have not made statements included in this Prospectus nor are there any statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in the Prospectus and did not authorise or cause the issue of the Prospectus.

4.11 Expenses of the Offer

The estimated expenses of the Offer are as follows:

Expense	\$
ASIC fees	2,137
ASX fees	18,287
Lead Manager fee	80,000
Underwriter Fee ¹	108,000
Legal expenses	100,000
Printing and other expenses	30,000
Total	338,424

¹ Underwriting Fee of 6% of the Underwritten Amount (less the amount contributed by Paladin under its sub-underwriting commitment) offered pursuant to the Offer, payable to the Underwriter to the Offer.

Note: In addition to the above fees, Patersons will be paid a Selling Fee of 6% on non-underwritten Shortfall as described in section 1.7.

4.12 Electronic Prospectus

Pursuant to Class Order 00/44 ASIC has exempted compliance with certain provisions of the *Corporations Act* to allow distribution of an electronic Prospectus on the basis of a paper Prospectus lodged with ASIC and the issue of Shares in response to an electronic application form, subject to compliance with certain provisions. The Company is relying on this exemption in relation to the offer of Shortfall.

The *Corporations Act* prohibits any person from passing to another person an Entitlement and Acceptance Form unless it is attached to, or accompanied by, the complete and unaltered version of this Prospectus.

If you have received an electronic version of this Prospectus, please ensure that you have received the entire Prospectus accompanied by the Entitlement and Acceptance Form. If you have not, please telephone the Company Secretary at +61 8 9286 6999 and the Company will send to you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

The Company reserves the right not to accept an Entitlement and Acceptance Form from a person if it has reason to believe that when that person was given access to the electronic Entitlement and Acceptance Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In these circumstances, the application monies will be dealt with in accordance with section 722 of the *Corporations Act*.

5 Directors' authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the *Corporations Act*, each Director has consented to the lodgement of this Prospectus with ASIC.

Dated: 20 June 2012

A handwritten signature in black ink, appearing to read 'Greg Cochran', written over a faint horizontal line.

Greg Cochran
Managing Director
For and on behalf of
Deep Yellow Limited

6 Defined terms

A\$ and \$ means Australian dollars, unless otherwise stated.

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

ASX Settlement means ASX Settlement Pty Ltd (ABN 49 008 504 532).

ASX Settlement Operating Rules means the operating rules of the settlement facility provided by ASX Settlement as amended from time to time.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or the financial market operated by it, as the context requires.

Board means the board of Directors.

Business Day means every day other than a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

CGNPC means China Guangdong Nuclear Power Corp.

Closing Date means 20 July 2012 (unless extended).

Company means Deep Yellow Limited (ACN 006 391 948).

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

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

Directors means the directors of the Company as at the date of this Prospectus.

Earnout Agreement means the earnout agreement made on or about October 2006 between the Company, Raptor, Maitland Trustees Limited (as trustee for the MGR Trust) and Theseus Limited (as trustee for the Oyster Trust) and, in respect of which MGR Trust and the Oyster Trust assigned to Raptor all of the their respective rights, title, interest and benefits in and to the earnout agreement pursuant to a deed of assignment and assumption dated 3 January 2012 in which.

Eligible Shareholder means a Shareholder whose details appear on the Register as at the Record Date and who is not an Excluded Shareholder.

Entitlement means the entitlement of an Eligible Shareholder to apply for Shares pursuant to the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Entitlement Issue means the non-renounceable entitlement issue to Eligible Shareholders of up to approximately 250,830,312 Shares at an issue price of \$0.042 per Share on the basis of 2 Shares for every 9 Shares held on the Record Date to raise up to approximately \$10,534,873 before expenses

EPL 3366 means Exclusive Prospecting Licence 3366.

Excluded Shareholder means a Shareholder who does not reside in Australia, New Zealand, United Kingdom, Ireland, South Africa or Namibia.

FSMA means Financial Services and Markets Act 2000.

Listing Rules means the Listing Rules of ASX.

MME means the Minister of Mines and Energy of Namibia.

Mineral Resource has the meaning given to it in the JORC Code.

Nova Energy means Nova Energy (Namibia) (Pty) Ltd.

NSX means the Namibian Stock Exchange.

Offer means the non-renounceable entitlement offer of Shares pursuant to this Prospectus.

Official List means the Official List of the ASX.

Official Quotation means quotation on the Official List.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Paladin or Paladin Energy means Paladin Energy Limited (ACN 061 681 098).

Paladin Loan means the loan of \$2,000,000 by Paladin to the Company pursuant to the loan agreement dated on or about 19 June 2012 as summarised in section 4.4(c).

Patersons or Patersons Securities means Patersons Securities Limited (ACN 008 896 311).

Prospectus means this prospectus.

Raptor or Raptor Partners Limited means Raptor Partners Limited, a company registered in the British Virgin Islands and having registration number 326926.

Record Date means 29 June 2012.

Register means the register of Shareholders.

Reptile means Reptile Uranium Namibia (Pty) Ltd, a wholly owned subsidiary of the Company.

Reptile and Nova EPLs means Exclusive Prospecting Licences 3496, 3668 and 3669 held by Reptile and Nova.

Reptile Tenements means the area of the tenements held by Reptile being exclusive prospecting licences 3496, 3497, 3498 and 3499 in Namibia, and any replacement, renewal or extension thereof.

Rights means the rights of Eligible Shareholders to subscribe for Shares under the Offer.

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

Shareholder means the registered holder of a Share.

Shortfall means the Shares forming the Entitlements, or parts of Entitlements, not accepted by Eligible Shareholders.

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in section 1.9 of this Prospectus.

Shortfall Shares means those Shares issued pursuant to the Shortfall Offer.

Tumas Granite means Tumas Granite Close Corporation.

Underwriter means Patersons Securities.

Underwriting Agreement means the underwriting agreement dated on or around 19 June 2012 between the Company and the Underwriter.

Underwritten Amount means the amount to \$5,800,000 of the Offer to be underwritten by the Underwriter pursuant to the Underwriting Agreement.

Underwritten Shares means up to 138,095,238 Shares underwritten by the Underwriter under the Underwriting Agreement.

WST means Australian Western Standard Time.