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22 January 2007

Principal Registrar
Titles Division
Department of Primary Industry, Fisheries & Mines
GPO Box 3000
DARWIN NT 0801

BY FACSIMILE: 08 8971 7106
3 pages

Dear Sir

Re: ANNUAL REPORT - EXPLORATION LICENCE 23483

The Annual Report in respect of the above licence for the year ending 22 December 2006 is due to be lodged by 22 January 2007. We ask that this letter be accepted as a nil report in respect of this tenement. No field work was conducted during the reporting period by the previous holder, Tanami Exploration NL (TENL), or by Deep Yellow Ltd (DYL).

Exploration Licence 23483 was included in a number of Exploration Licences acquired by DYL from TENL with the transfer being registered on 5 December 2006.

Expenditure on the tenement totalled \$5,950 against a covenant of \$16,000. DYL therefore wishes to seek a variation of covenant, pursuant to Section 172 of the Mining Act, in respect of EL 23483 for the year ending 22 December 2006.

The tenement is not the subject of an Indigenous Land Use Agreement and therefore DYL has applied to the Aboriginal Areas Protection Authority to obtain an Authority Certificate prior to conducting the proposed drilling program. The application was forwarded to the AAPA on 13 October 2006 and an estimate of costs was received and accepted in early January 2007. Given the timing it was impossible to conduct an exploration programme prior to the end of the anniversary year.

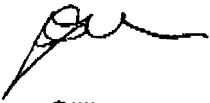
Details of the expenditure recorded against EL 23483 follows together with the proposed programme and budget for the fifth year of term.

Please charge the sum of \$50 in respect of the variation of covenant fee to the following Visa card:

Gillian J McBain
4564 7170 0001 6708
Expiry date: 08/07

We trust our request will meet with your favourable consideration.

Yours sincerely,
DEEP YELLOW LTD



Gillian McBain
Tenement Consultant (as agent)

EXPLORATION LICENCE 23483 – MT JUDITH

23 December 2005 – 22 December 2006

Summary of Activities - Year Four

During the majority of the reporting period, Tanami Exploration NL (TENL) was the tenement holder and operator. TENL have advised that no field based exploration activity was conducted during this period. Since acquisition, Deep Yellow's costs have been limited to desktop assessment and lodgement of an application for an Authority Certificate from the Aboriginal Areas Protection Authority. A transfer reflecting Deep Yellow's interest in the tenement was registered on 5 December 2006.

Table 1 - EL 23483 Expenditure to 22 December 2006

Cost Element	TENL Costs \$	DYL Costs \$
Salaries and Wages	2,812	1,800
Contractors/Consultants	372	70
Drafting/Computing	0	120
Administration/Overheads	478	298
Total	\$3,662	\$2,288
<i>Covenant - \$16,000</i>		

Proposed Program and Budget - Year Five

Mapping by NTGS reveals both structural and drainage-related uranium targets within this tenement. Northwest trending trans Tanami structures present opportunities for shear-hosted mineralisation and the presence of mapped calcrete in the drainage, largely concealed by recent cover, offers both calcrete and alluvium-hosted trap sites. These drainage plays lie downstream from known uraniumiferous source rocks at Reynolds Range/ Nolans Bore. First-pass RAB or aircore drilling is necessary to properly test these targets.

The following proposed program and budget is dependant on the issue of an Authority Certificate by the Aboriginal Areas Protection Authority.

Table 2 - EL 23483 Proposed Budget 23 December 2006 – 22 December 2007

Cost Element	\$
Aircore Drilling – 500 metres	7,500
Earthworks – drill sites	2,000
Assaying – 200 samples	3,000
Drafting and Computing	1,000
Salaries and Wages	5,000
Administration/Overheads	
Total	

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