



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

Level 1 329 Hay Street Subiaco WA 6008
PO Box 1770 Subiaco WA 6904
Tel : 08 9286 6999
Fax : 08 9286 6969
Email: admin@deepyellow.com.au
Website: www.deepyellow.com.au

7 June 2007

Geoscience Information
Northern Territory Geological Survey
Department of Primary Industry, Fisheries & Mines
GPO Box 3000
DARWIN NT 0801

Dear Sir

Re: ANNUAL REPORT - EXPLORATION LICENCE 22918

The Annual Report in respect of the above licence for the year ending 25 April 2007 was due to be lodged by 25 May 2007. On 17 April 2007 I requested an extension of time until 8 June 2007 to lodge the annual report and expenditure statement.

We ask that this letter be accepted as a nil report in respect of this tenement as no on-ground work was conducted during the reporting period by the previous holder, Tanami Exploration NL (TENL), or by Deep Yellow Ltd (DYL).

Details of the expenditure recorded against EL 22918 during year five are shown on the following expenditure statement with the proposed programme and budget for the sixth year of term. A separate request for a variation of covenant has been forwarded to the Titles Division.

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 exploration program. An estimate of costs has not yet been received and is therefore not included in the proposed budget.

Yours sincerely,
DEEP YELLOW LTD

Gillian McBain
Tenement Consultant (as agent)

EXPLORATION LICENCE 22918 – ARLTUNGA

26 April 2006 – 25 April 2007

Summary of Activities - Year Five

During the greater part of the reporting period Tanami Exploration NL (TENL) was the tenement holder and operator. TENL report no field based exploration activity for this period. A transfer reflecting Deep Yellow's interest in the tenement was registered on 5 December 2006. Since acquisition, Deep Yellow's costs have been limited to assessment and lodgement of a request for an AAPA clearance to conduct our exploration programme.

Table 1 - EL 22918 Expenditure to 25 April 2007

Cost Element	TENL Costs \$	DYL Costs \$
Salaries and Wages	630	834
Contractors/Consultants	90	420
Travel/Accommodation	0	0
Drafting/Computing	0	322
Administration/Overheads	108	236
Total	\$828	\$1,812
<i>Covenant - \$9,750</i>		

Proposed Program and Budget - Year Six

EL 22918 is sited over a geographic depression known as Paddy's Plain and represents a possible concealed sedimentary basin or sump which is prospective for drainage related uranium mineralization, possibly hosted by calcrete, reduced sands or carbonaceous clays. It is intended to test for targets, which may exist at depths as little as 1 to 5 metres, using Aircore drilling.

The following proposed program and budget for year ending 25 April 2008 is dependent upon the issue of an Authority Certificate by the Aboriginal Areas Protection Authority.

Table 2 - EL 22918 Proposed Budget 26 April 2007 – 25 April 2008

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
Camp and Field Costs	1,000
Vehicles/Fuel	1,000
Travel/Accommodation	2,000
Administration/Overheads	3,500
Total	\$26,000