28 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 LICENCES 23923, 23924 & 23991
REYNOLDS RANGE PROJECT

Combined reporting status has been granted to Tanami Exploration NL (TENL) for the above mentioned tenements. A combined annual report for the year ending 31 May 2007 is due to be lodged by 30 June 2007.

Exploration Licence 23991 was transferred to Deep Yellow Ltd (DYL) on 5 December 2006. DYL has since acquired Exploration Licences 23923 and 23924 from TENL and a transfer in respect of these licences is currently with NT Revenue for Stamp Duty endorsement. As DYL has acquired all three licences within the Reynolds Range project, DYL wishes to continue reporting under the current combined reporting status.

The Reynolds Range Project tenements ELs 23923, 23924 and 23991 are subject to an Indigenous Land Use Agreement (ILUA) signed on 23 May 2005 between TENL, the Central Land Council (CLC) and the traditional Aboriginal owners.

Exploration programmes on the tenements subject to the ILUA are managed under the terms and conditions of an Exploration Deed between TENL and the CLC dated 12 February 2002. Under Clause 3.3(c) of the Exploration Deed, TENL (or any assignee) must reach a separate agreement with the CLC with respect to undertaking uranium exploration programmes on the tenements.

The ILUA entered into by TENL covers Exploration and Mining Proposals for gold only. The CLC requested that DYL submit a Uranium Exploration and Mining Proposal with respect to each Deed/ILUA. The new proposal is to be consistent with the requirements of Section 41(6) of the Aboriginal Land Rights (Northern Territory) Act

In accordance with the request from the CLC, DYL submitted a proposal on 17th October, 2006 and attended a first meeting on 14th June, 2007.
As no on-ground work was conducted during the reporting period by the previous holder, TENL, or by DYL, we ask that this letter be accepted in lieu of the Reynolds Range Annual Report for the year ending 31 May 2007.

Details of the expenditure recorded against the tenements for the year ending 31 May 2007 have been forwarded to the Titles Division together with the proposed programmes and budgets for the fourth year of term and requests for variations of covenant.

Yours sincerely,
DEEP YELLOW LTD

Gillian McBain
Tenement Consultant (as agent)

cc: A Graham, Tanami Gold NL