1 July 2008

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

The above licences were previously reported under a combined report by Tanami Exploration NL (TENL). In 2007, following acquisition of the tenements from TENL, Deep Yellow Limited (DYL) sought to continue reporting these tenements as the Reynolds Range Combined Reporting group.

The Reynolds Range Project tenements, ELs 23923, 23924 and 23991, were subject to an Indigenous Land Use Agreement (ILUA) between TENL, the Central Land Council (CLC) and the traditional Aboriginal owners. Exploration programmes on the tenements subject to the ILUA were 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. Therefore, a further Exploration Agreement, executed on 28 November 2007, was negotiated between DYL, the CLC and the traditional Aboriginal owners to allow exploration for uranium.

Following execution of the agreement, work during the current year as been limited to planning exploration including a reconnaissance visit to investigate access to prospective areas. As no on-ground work was conducted during the reporting period, we ask that this letter be accepted in lieu of the Reynolds Range Annual Report for the year ending 31 May 2008.

Details of the expenditure recorded against the tenements for the year ending 31 May 2008 have been forwarded to the Titles Division together with the proposed programmes and budgets for the fifth year of term and requests for variations of covenant.

Yours sincerely,
DEEP YELLOW LTD

Gillian McBain
Tenement Consultant (as agent)