

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

The Board strongly supports the establishment and ongoing development of a corporate governance framework to ensure that its practices are responsible and meet the needs of shareholders.

The Company has adopted the revised principles of corporate governance as set out by the ASX Corporate Governance Council. The Directors have implemented policies and practices which they believe will focus their attention and that of their Senior Executives on accountability, risk management and ethical conduct.

This Statement sets out the corporate governance practices in place as at the date of this report all of which comply with the principles and recommendations of the ASX Corporate Governance Council unless otherwise stated.

Corporate Governance Council Recommendation 1: Lay Solid Foundations for Management and Oversight

Role of the Board of Directors

The Board guides and monitors the business and management of the Company on behalf of shareholders by whom they are elected and to whom they are accountable.

In order to fulfil this role, the Board is responsible for the overall corporate governance of the Company including formulating its strategic direction, setting remuneration and monitoring the performance of Directors and Executives. The Board relies on Senior Executives to assist it in approving and monitoring expenditure, ensuring the integrity of internal controls and management information systems and monitoring financial and other reporting.

The Board has adopted a **Board Charter**, complying with Recommendation 1.1 of the Corporate Governance Council, which clarifies the respective roles of the Board and senior management and assists in decision making processes.

Board processes

The full Board currently holds four scheduled meetings each year, together with meetings at such other times as may be necessary.

An agenda for the meetings has been determined to ensure certain standing information is addressed and other items which are relevant to reporting deadlines and or regular review are scheduled when appropriate. The agenda is reviewed by the Chairman and the Managing Director.

Evaluation of Senior Executive Performance

The Executive Directors have undertaken a review of the performance of the Company's senior executives during the year, complying with Recommendation 1.2 of the Corporate Governance Council.

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Corporate Governance Council Recommendation 2: Structure the Board to Add Value

Board Composition

The Constitution of the Company provides that the number of Directors shall not be less than three. There is no requirement for any shareholding qualification.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include the quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the scope of activities of the Company, intellectual ability to contribute to Board duties and responsibilities.

Directors are initially appointed by the Board and are subject to re-election by shareholders at the next general meeting. In any event one third of the Directors are subject to re-election by shareholders at each annual general meeting.

The Board is presently comprised of six members, four Non-Executive and two Executive.

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|----------------------|----------------------------|---------------------|-----------------------------|
| * Mr Mervyn Greene | - Chairman (Non-Executive) | * Ms Gillian Swaby | - Non-Executive |
| * Dr Leon Pretorius | - Managing Director | * Mr Rudolf Brunovs | - Non-Executive Independent |
| * Mr Martin Kavanagh | - Executive Director | * Mr Tony McDonald | - Non-Executive Independent |

In considering whether or not a Director is independent, the Board has regard to the independence criteria set out in the ASX Corporate Governance Council's Principles and Recommendations.

Directors are expected to bring independent views and judgement to the Board's deliberations. Two of the six Directors are considered by the Board to be independent, and as such the Company does not comply with Recommendation 2.1 of the Corporate Governance Council, which recommends that a majority of Board Members should be independent. The Board considers that both its structure and composition are appropriate given the size of the Company and that the interests of the Company and its shareholders are well met.

Independence of Chairman

The Chairman is not considered to be independent due to holding a significant interest in the Company's securities, and therefore the Company has not complied with Recommendation 2.2 of the Corporate Governance Council. However, the Board considers the Chairman is the most appropriate person for the role due to his commercial experience and that the interests of the Company and its shareholders are being well met by the current Chairman.

Roles of Chairman and Chief Executive Officer

The roles of Chairman and Chief Executive Officer are exercised by separate individuals, and accordingly the Company complies with Recommendation 2.3 of the Corporate Governance Council.

Nomination Committee

The full Board carries out the functions of a Nomination Committee in respect of the selection and appointment process for Directors. While this does not comply with Recommendation 2.4 of the Corporate Governance Council which recommends having a separate Nomination Committee, the Board considers that given the size and maturity of the Company and the importance of Board composition it is appropriate that all members of the Board participate in such decision making.

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Evaluation of Board Performance

The Company has a formal process for the evaluation of the effectiveness, processes and structure of the Board, and as such complies with Recommendation 2.5 of the Corporate Governance Council.

The process includes the completion of individual questionnaires focused on Board process, effectiveness and structure as well as the effectiveness and contribution made by each Director. The responses are collated and discussed with a view to considering recommendations for improvement.

Education

All Executives and Directors are encouraged to attend professional education courses relevant to their roles.

Independent professional advice and access to information

Each Director has the right to access all relevant information in respect to the Company and to make appropriate enquiries of Senior Executives.

Corporate Governance Council Recommendation 3: Promote Ethical and Responsible Decision Making

The Board actively promotes ethical and responsible decision making.

Code of Conduct

The Board has adopted a Code of Conduct that applies to Directors and key Executives of the Company and complies with Recommendation 3.1 of the Corporate Governance Council. This Code sets expectations for conduct in accordance with legal requirements and agreed ethical standards.

In addition the Board has adopted an **Ethics and Conduct Policy** which applies to all employees, consultants and Directors.

The Ethics and Conduct Policy addresses the following:

- * Responsibility to shareholders and the financial community
- * Responsibility to third parties
- * Employment practices
- * Environment
- * Community activities
- * Privacy
- * Confidential information
- * Conflicts of interest

Securities Trading Policy

The Board is committed to ensuring that the Company, its Directors and Senior Executives comply with their legal obligations as well as conducting their business in a transparent and ethical manner. Directors and Senior Executives (including their immediate family or any entity for which they control investment decisions), must ensure that any trading in securities issued by the Company is undertaken within the framework set out in the **Securities Trading Policy**.

The Policy does not prevent Directors and Senior Executives (including their immediate family or any entity for which they control investment decisions) from participating in any share plan or share offers established or made by the Company, provided that at the time the individual is not in possession of any price sensitive information, not otherwise generally available to all security holders.

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Governance Principal 3.2 suggests that the content of a Security Trading Policy should include a clause prohibiting Directors and Senior Executives from entering into transactions in associated products which operate to limit the economic risk of security holdings in the Company over unvested entitlements. The Company had not amended its policy to include this recommendation as at 30 June 2009 but is in the process of reviewing this policy.

The Board has a policy which prohibits trading in the securities of the Company by Directors and Senior Executives and nominated employees prior to written consent being obtained from the Chairman or Managing Director.

Corporate Governance Council Recommendation 4: Safeguard Integrity in Financial Reporting

Audit Committee

The Audit Committee comprises of three of the four Non-Executive Directors and complies with Recommendation 4.1 of the Corporate Governance Council.

Composition of Audit Committee

The Audit Committee consists of Non-Executive Directors, the majority of which are Independent Directors and is chaired by an Independent Director who is not the Chairman of the Board. This complies with Recommendation 4.2 of the Corporate Governance Council.

The members of the Audit Committee are Rudolf Brunovs (Chairman), Gillian Swaby and Tony McDonald. The relevant qualifications and details of attendance at Audit Committee meetings are set out in the Directors' Report. This complies with Recommendation 4.4 of the Corporate Governance Council.

Audit Committee Charter

The Audit Committee operates under a Charter (Audit Committee Charter), complying with Recommendation 4.3 of the Corporate Governance Council. The responsibilities of the Committee include the appointment, compensation and oversight of the independent auditor and the review of the published financial reports.

Financial Reporting

The Board relies on Senior Executives to monitor the internal controls within the Company. Financial performance is monitored on a regular basis by the Managing Director who reports to the Board at the scheduled Board Meetings.

Corporate Governance Council Recommendation 5: Make Timely and Balanced Disclosure

Continuous Disclosure Policies

The Board is committed to the promotion of investor confidence by providing full and timely information to all security holders and market participants about the Company's activities and to comply with the continuous disclosure requirements contained in the Corporations Act 2001 and the Australian Stock Exchange Listing Rules. The Company has adopted a **Continuous Disclosure Policy**, complying with Recommendation 5.1 of the Corporate Governance Council, and designed to ensure compliance with the ASX Listing Rule Requirements.

Continuous disclosure is discussed at all regular Board meetings and on an ongoing basis the Board ensures that all activities are reviewed for disclosure to the market.

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In accordance with ASX Listing Rules the Company Secretary has been appointed as the Company's disclosure officer.

Directors' Disclosure Obligations

The Board is committed to complying with ASX Listing Rules and best practices particularly with respect to the level and nature of information provided by Directors.

The Directors Disclosure Policy requires each of the Directors to provide continuous and timely disclosure to the Company of all dealings in Company securities in which the Director has a relevant interest. Dealing includes charging, pledging, lending, transferring or granting a right over the Company's securities.

Corporate Governance Council Recommendation 6: Respect the Rights of Shareholders

Communications Policy

The Board supports practices that provide effective and clear communications with security holders and allow security holder participation at general meetings. A formal **Shareholder Communications Policy** has been adopted, complying with Recommendation 6.1 of the Corporate Governance Council.

In addition to electronic communication via the ASX web site, the Company publishes all ASX announcements together with all quarterly reports. These documents are available in both hardcopy on request and on the Company web site at www.deeptyellow.com.au. In addition 'user friendly' interactive Annual Reports are available on the website.

The website provides shareholders and others interested in the Company the opportunity to receive additional information by registering to receive by email press releases and other materials posted to the website.

Shareholders are able to pose questions on the audit process directly to the independent auditor who attends the Company Annual General Meeting for that purpose.

Corporate Governance Council Recommendation 7: Recognise and Manage Risk

Adoption of Risk Management Policies

The Board has recently implemented a Risk Management Strategy including a number of specific policies to oversee and manage potential and actual material business risks, complying with Recommendation 7.1 of the Corporate Governance Council. The Board is responsible for supervising management's framework of control and accountability systems to enable risk to be assessed and managed. The Board has delegated day-to-day management of risk to the Managing Director.

Risk Management and Internal Control System

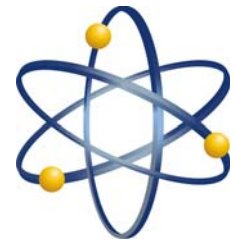
The Managing Director, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the Board on risk management.

In order to implement DYL's Risk Management Policy, it was considered important that the Company establish a Risk Management Strategy and an internal control regime in order to:

- * Assist the Company to achieve its strategic objectives,
- * Safeguard the assets and interests of the Company and its stakeholders,
- * Ensure the accuracy and integrity of external reporting; but however
- * Not to lose the essence of what has created the Company's fortunes and will continue to do so.

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Risk Management Strategy

The **Risk Management Strategy** is designed to allow the Company to identify and assess possible sources of harm to the Company and to take steps to decrease or prevent that harm from occurring.

The Strategy must include evidence of procedures and processes which document the Company's commitment to the management of risk by – avoiding, sharing, transferring, reducing (mitigation) or accepting/retaining the risk.

To manage and assess risk the Company has adopted and 'tailored to fit' a **Risk Management Plan** and a **Risk Management Framework** as outlined in the Australia/New Zealand Standard AS/NZS 4360:2004 and associated Guidelines 436:2004.

Key risk traits are identified and managed using the following tools:

- * *Business Risk Management*

The Company manages its activities within budgets and operational and strategic plans.

- * *Internal Controls*

The Board has implemented internal control processes appropriate for a Company of Deep Yellow's size and stage of development. It requires senior executives to ensure the proper functioning of internal controls.

- * *Financial Reporting*

Directors approve an annual budget for the Deep Yellow Group and regularly review performance against budget.

- * *Operation Review*

Executive Directors regularly visit the Company's exploration project areas to review the geological practices including the environmental and safety aspects of the operations. In addition the Board also has a programme for site visits.

- * *Environment and Safety*

The Company is committed to ensuring that sound environmental management and safety practices are carried out in its exploration activities. Significant resources have been focussed on establishing and maintaining a culture of best practice through the implementation of an **Occupational Health and Safety Plan** and an **Environmental Management Plan**. The Company as a uranium explorer has additional responsibilities that require the implementation of a Radiation Management Plan as part of the management of its Occupational Health and Safety policies. The Company uses external consultants to review its activities and to assist in maintaining a best practice approach to the issues surrounding Radiation Management.

To assist in the management of this risk the Board has adopted an **Occupational Health and Safety Policy**, **Environmental Policy** and **Ethics and Conduct Policy**, through which all employees and contractors are inducted.

In accordance with Recommendation 7.2 of the Corporate Governance Council, the Risk Management Policy requires that senior management report to the Managing Director as to the effectiveness of the risk management and internal control systems and that regular reports thereon be provided to the Board.

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Continuous Improvement

The Company's Risk Management Strategy is evolving and is an on-going process. The level and extent of the strategy will develop with the growth of the Company's activities in the following risk areas:

Corporate:

- * Financial
- * Commercial
- * Legal
- * Sovereign Risk
- * Management
- * Business Development
- * Public Relations
- * Human Resources

Operations:

- * Field Operations
- * Occupational Health & Safety
- * Environmental
- * Technological
- * Land Management
- * Native Title
- * Radiation Management

Chief Executive Officer and Chief Financial Officer Confirmations

In accordance with Recommendation 7.3 of the Corporate Governance Council, the Board requires the Managing Director and the Company Secretary to provide a written statement that the financial statements of the Company present a true and fair view, in all material aspects, of the financial position and performance and have been prepared in accordance with Australian accounting standards and the Corporations Act. In addition, the Board requires assurance from the Managing Director and Company Secretary that the declaration is founded upon a sound system of risk management and internal control, and that the systems operate effectively in all material aspects.

Corporate Governance Council Recommendation 8: Remunerate Fairly and Responsibly

Remuneration Committee

The Remuneration Committee consists of all four Non-Executive Directors, operates under the Remuneration Committee Charter and is chaired by an Independent Director and as such complies with Recommendation 8.1 of the Corporate Governance Council.

The Remuneration Committee is responsible for determining and reviewing the overall remuneration philosophy, strategy, plans, policies and procedures to implement the remuneration objective. It also reviews and makes recommendations as to the makeup of the remuneration packages for the directors and executives.

Structure of Non-Executive and Executive Directors/Senior Executive Remuneration

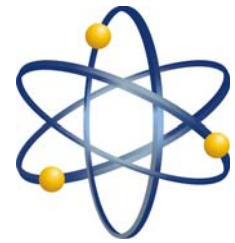
The Company's remuneration objective is to adopt policies, processes and practices to attract and retain appropriately qualified and experienced directors and executives who will add value to the Company and to adopt reward programmes which are fair and responsible and in accordance with principles of good corporate governance. This dictates a need to align director and executive entitlements with shareholder objectives. The Board assesses the appropriateness of remuneration packages, given trends in comparative companies and the need for a balance between fixed remuneration and non-cash incentive remuneration.

Remuneration packages for Executive Directors and senior executives comprise fixed remuneration and may include bonuses or equity based remuneration entirely at the discretion of the Board. Remuneration packages are reviewed by the Remuneration Committee. The process consists of a review of company, individual performance and relevant comparative remuneration externally and internally.

Non-Executive Director remuneration is a fixed amount of Director fees of which the total is within the amount approved by shareholders. Performance based bonuses or equity based remuneration is not considered appropriate for Non-Executive Directors and accordingly does not form part of their remuneration.

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In distinguishing between the remuneration practices for its Non-Executive Directors and the remuneration practices applicable to Executive staff, the Company complies with Recommendation 8.2 of the Corporate Governance Council.

Patrick Mutz
Managing Director

Martin Kavanagh
Executive Director