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23 November 2006

Manager Company Announcements  
Company Announcements Office  
Australian Stock Exchange Limited  
Level 10, 20 Bond Street  
**SYDNEY NSW 2000**

Dear Sirs

### **SUPPLEMENTARY PROSPECTUS**

Deep Yellow Limited has today lodged a Supplementary Prospectus with ASIC in relation to the Prospectus dated 3 November 2006 for the 1 for 5 non-renounceable entitlement issue at \$0.12 per share.

The Supplementary Prospectus relates to certain claims made by Uranium Resources Plc against the company in connection with its acquisition of Raptor Minerals Limited. The allegations in the claims are denied by the Company which is of the view that they are without merit and intend to vigorously defend any legal action which may be commenced by Uranium Resources Plc.

Shareholders who have applied for shares on the basis of the application form in the Prospectus will have their application moneys refunded. Shareholders wishing to subscribe will need to do so on the basis of the New Entitlement and Acceptance Form accompanying the Supplementary Prospectus, which will be distributed as soon as practicable. The closing date for the issue has been extended to 13 December 2006 to accommodate further applications, however all other aspects of the terms of the entitlement issue remain the same.

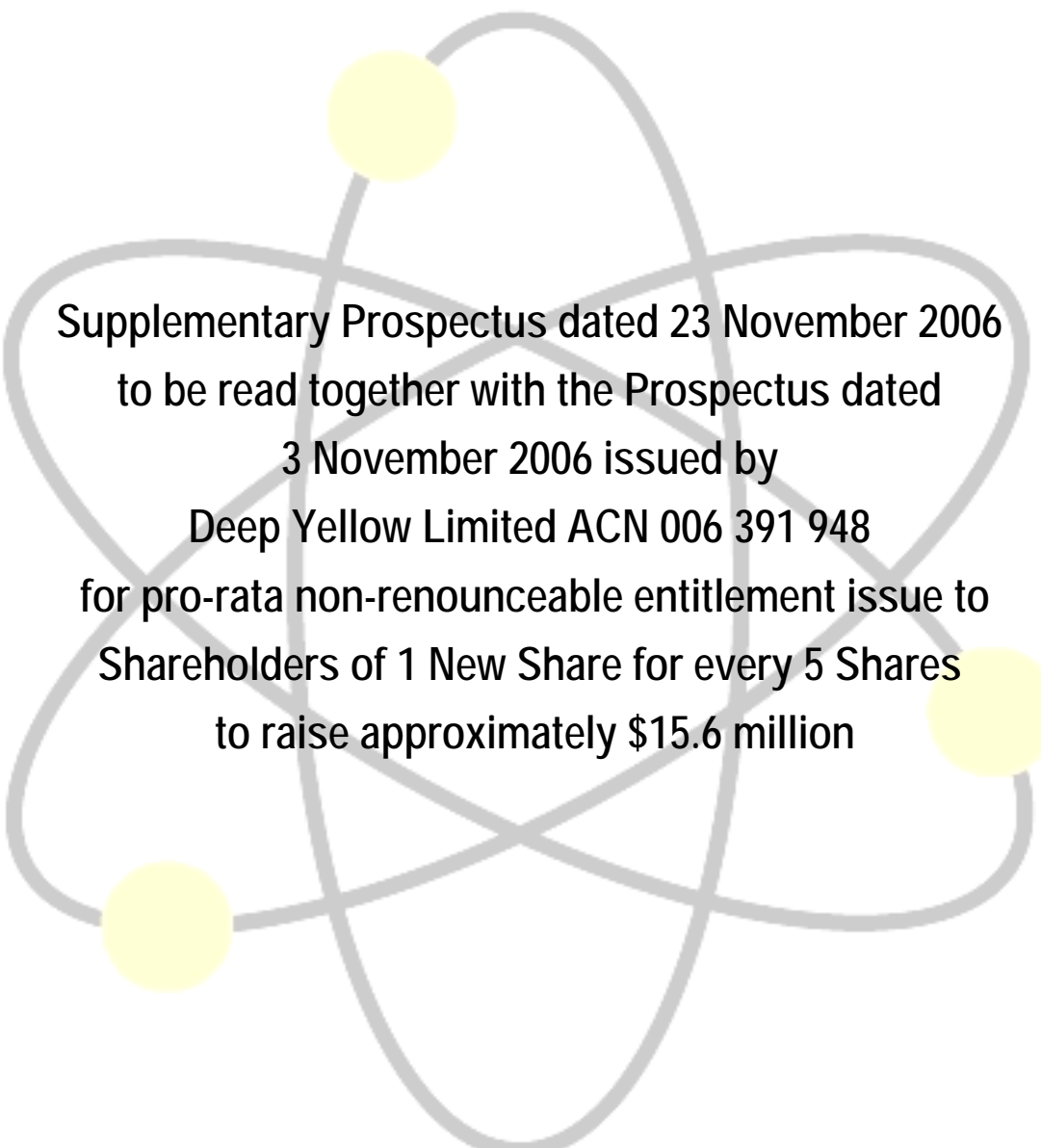
It should be noted that, notwithstanding the Supplementary Prospectus, Paladin Resources Limited, the Company's largest shareholder, and each member of the Board, has confirmed to the Company their intention to subscribe for new shares to the full extent of their entitlement.

Yours faithfully

**Mark Pitts**  
Company Secretary

# DEEP YELLOW LIMITED

## ACN 006 391 948



Supplementary Prospectus dated 23 November 2006  
to be read together with the Prospectus dated  
3 November 2006 issued by  
Deep Yellow Limited ACN 006 391 948  
for pro-rata non-renounceable entitlement issue to  
Shareholders of 1 New Share for every 5 Shares  
to raise approximately \$15.6 million

This Supplementary Prospectus must be read in conjunction with the Prospectus dated 3 November 2006, relating to the issue of New Shares in Deep Yellow Limited pursuant to the pro-rata non-renounceable entitlement issue to Shareholders of 1 New Share for every 5 Shares held on the Record Date at an issue price of A\$0.12 per New Share to raise up to approximately A\$15.6 million.

**DEEP YELLOW LIMITED**  
**ACN 006 391 948**

**1. IMPORTANT NOTES**

Deep Yellow Limited ACN 006 391 948 (the **Company**) lodged a prospectus with the Australian Securities and Investment Commission (**ASIC**) on 3 November 2006 for the pro-rata non-renounceable entitlement issue to Shareholders of 1 New Share for every 5 Shares held on the Record Date at an issue price of A\$0.12 per New Share to raise up to approximately A\$15.6 million (the **Prospectus**).

This document is a supplementary prospectus to the Prospectus (**Supplementary Prospectus**). This Supplementary Prospectus is dated 23 November 2006. Neither the ASIC nor ASX take any responsibility for the contents of this Supplementary Prospectus or for the merits of the investment to which this Supplementary Prospectus relates.

This Supplementary Prospectus is supplemental to, and is to be read together with, the Prospectus. This Supplementary Prospectus contains information relating to a new circumstance that arose after the date that the Prospectus was lodged with the ASIC. To the extent of any inconsistency between this Supplementary Prospectus and the Prospectus, this Supplementary Prospectus prevails.

Terms defined and used in Supplementary Prospectus have the same meaning as in the definition section (Section 8) of the Prospectus.

**2. CLAIM BY URANIUM RESOURCES PLC**

**2.1 Background**

As noted in section 6.3 of the Prospectus, certain third parties asserted the existence of rights over or claims to the assets or interests of Raptor Minerals Limited (**RML**), or a right to be involved in the agreement for the acquisition of RML by the Company, on the basis of the involvement of common directors in those negotiations over a period of time.

As at the date of the Prospectus, the nature of those assertions and the rights or claims involved was unclear. Subsequently, the relevant third party, Uranium Resources Plc (**URP**), through its solicitors, wrote to DYL providing further particulars in relation to the claims, as detailed below, and seeking various undertakings.

**2.2 Description of Claim**

URP's claim (**Claim**) against the Company relates primarily to the involvement of a director of the Company, Dr Leon Pretorius, who is also a former director of URP, in negotiations with certain of the RML vendors (or their associates or representatives) over the period from approximately September 2005 to October 2006. The Claim contains an allegation that Dr Pretorius breached duties he owed or owes to URP (as a former director of URP) by directing a business opportunity, namely the acquisition of RML, to DYL for his own benefit and for the benefit of DYL. The Claim contains an allegation that Dr Pretorius breached obligations of confidentiality owed to URP. The Claim also contains an allegation that the Company was, at all material times, aware of this (alleged) breach of fiduciary duties and that the Company has received and continues to receive a benefit as a result of this breach of duties, and is liable to account to URP for that benefit.

DYL has refused to provide the undertakings sought by URP and commercial discussions between the parties have failed to reach an agreed resolution of the Claim.

**2.4 Current Position**

Both DYL and Dr Pretorius deny the allegations in the Claim, are of the view that the Claim is without merit, and intend to vigorously defend any legal action which is commenced by URP.

However, given that URP has now made specific assertions, and threatened to take legal action, even if DYL ultimately prevails in such litigation, there is, in the view of the Directors of DYL, a risk of ongoing uncertainty in relation to DYL and its acquisition of RML, at least until the litigation is finally determined or there is a commercial resolution between the parties.

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In light of the uncertainty created by this situation, the Directors of DYL have resolved that it is appropriate for shareholders who have applied for shares under the Offer to be refunded their application moneys in accordance with section 724 of the Corporations Act and have the opportunity to re-apply for New Shares having received this Supplementary Prospectus.

### 3. INTENTION OF BOARD AND MAJOR SHAREHOLDER

Notwithstanding the matters disclosed in this Supplementary Prospectus, each of the directors of the Company, and Paladin Resources Limited (which is the largest shareholder in the Company) have confirmed to the Company their intention to apply for their full entitlement of New Shares under the Offer. The amounts which each would be required to provide in order to do so are as follows:

| Shareholder               | Shares held at Record Date | Amount to follow entitlement (\$) |
|---------------------------|----------------------------|-----------------------------------|
| Paladin Resources Limited | 72,450,000                 | \$1,738,800                       |
| Dr Leon Pretorius         | 50,000,000                 | \$1,200,000                       |
| Ms Gillian Swaby*         | 28,981,465                 | \$695,555                         |
| Mr Martin Kavanagh*       | 375,000                    | \$9,000                           |

\* Note Includes shares held by associated entities: see Prospectus at section 6.7.

### 4. AMENDED TIMETABLE

The Directors have resolved to extend the current closing date for applications under the Entitlement Offer to 13 December 2006. The revised indicative timetable for the Entitlement Offer is as follows:

|   |                  |
|---|------------------|
| Record Date (for determining shareholders' entitlement to receive an issue of new shares under the Entitlements Issue) <b>(unchanged)</b> | 15 November 2006 |
| Entitlement and Acceptance form and Prospectus dispatched to Shareholders <b>(unchanged)</b>  | 21 November 2006 |
| Closing date of Entitlement Issue   | 13 December 2006 |
| Notify ASX of under subscriptions   | 15 December 2006 |
| Dispatch of Shareholder Statements  | 19 December 2006 |

### 5. APPLICATIONS

#### *Eligible Shareholders who have previously submitted an Entitlement and Acceptance Form*

Eligible Shareholders who have lodged an Entitlement and Acceptance Form under the Prospectus will have their Application Monies returned to them and each such Entitlement and Acceptance Form will not be accepted by the Company.

Those Eligible Shareholders who still wish to apply for Shares will need to complete and submit a new application but may use the same cheque previously provided to the Company. All new applications must be made on the Entitlement and Acceptance Form attached to or accompanying this Supplementary Prospectus. Please see below for more details as to completing and submitting a new application. The Company will not accept an application unless it is made by completing and submitting the Entitlement and Acceptance Form attached to or accompanying this Supplementary Prospectus.

Those Eligible Shareholders who do not wish to apply for Shares do not need to take any action.

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*Eligible Shareholders who wish to submit a New Entitlement and Acceptance Form*

All applications for Shares must be made on the New Entitlement and Acceptance Form attached to or accompanying this Supplementary Prospectus. This New Entitlement and Acceptance Form must be completed in accordance with the instructions set out on the reverse side of that form. Applications must not be made on the Entitlement and Acceptance Form attached to or accompanying the Prospectus.

Applications must be accompanied by payment for each Share applied for in Australian currency. Cheques must be received at Computershare Investor Services Pty Limited by 5.00pm on 13 December 2006 and made out to "Deep Yellow Limited share Issue Account" and crossed "Not Negotiable". Cash payments will not be accepted.

**6. CONSENTS AND AUTHORISATION**

Paladin Resources Limited has given, and has not withdrawn prior to the date of this Supplementary Prospectus, its consent to the inclusion of the statement in section 3 of this Supplementary Prospectus. It has not caused or authorised the issue of this Supplementary Prospectus and takes no responsibility for any part of this Supplementary Prospectus or the Prospectus, other than that statement.

The statements made in section 2 of this Supplementary Prospectus in relation to the Claim are statements made by DYL on the basis of facts known to DYL. URP has not consented to the inclusion of those statements.

This Supplementary Prospectus is issued by the Company and each of its Directors consents to its lodgement with the ASIC.

This Supplementary Prospectus has been signed by a Director for and on behalf of the Company in accordance with section 351 of the Corporations Act.

Dated 23 November 2006



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Gillian Swaby  
Director

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