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19 December 2006

The Companies Announcement Office
Australian Stock Exchange Limited
Level 10 Exchange Centre
20 Bond Street
SYDNEY NSW 2000

Dear Sirs

ENTITLEMENT ISSUE & ALLOTMENT / MT ISA DRILLING UPDATE

Entitlement Issue & Allotment

Deep Yellow is pleased to advise that following the closure of the Entitlement Issue, the Directors have today resolved to allot and issue 129,387,726 ordinary fully paid shares at 12 cents each to raise a total of \$15,526,527.12.

These shares will be downloaded into the issuer sponsored sub-register today, Tuesday 19 December 2006.

After this issue the Company will have a total of 873,433,692 ordinary fully paid shares on issue.

A statement setting out the top 20 largest holders of this class of security and the percentage held is attached.

Mt Isa Drilling Update

Due to safety concerns caused by bush fires in close proximity to the drilling rig, the Company, at the drillers' request, yesterday terminated the Mt Isa RC percussion drill programme. A total of 7 holes for 714 metres was drilled at the Lochness Prospect and 2 holes for 140 metres were drilled at the Miranda Prospect.

With laboratories at full capacity over the seasonal break, the Company anticipates that assay results from the drill programme may not be available until February 2007.

Yours faithfully

MARK PITTS
Company Secretary

TOP 20 LARGEST HOLDERS OF ORDINARY FULLY PAID SHARES

| NAME OF SHAREHOLDER | NO. OF SHARES | % HELD | RANK |
|---|---------------|--------|------|
| NATIONAL NOMINEES LIMITED | 96,030,974 | 10.99 | 1 |
| ROBERT ANTHONY HEALY | 61,200,000 | 7.01 | 2 |
| DR LEON EUGENE PRETORIUS | 60,000,000 | 6.87 | 3 |
| PALADIN ENERGY MINERALS NL | 56,340,000 | 6.45 | 4 |
| PALADIN RESOURCES LTD | 38,586,163 | 4.42 | 5 |
| MR ZAC ROSSI & MRS THELMA ROSSI | 34,132,302 | 3.91 | 6 |
| GILLIAN SWABY | 28,657,758 | 3.28 | 7 |
| ANZ NOMINEES LIMITED <CASH INCOME A/C> | 16,420,741 | 1.88 | 8 |
| MANOTEL PTY LTD | 14,000,000 | 1.60 | 9 |
| CITICORP NOMINEES PTY LIMITED | 13,517,480 | 1.55 | 10 |
| MR ROBERT HEALY & MRS HELEN HEALY | 12,800,000 | 1.47 | 11 |
| MS RITA COPPA <THE EMPIRE A/C> | 9,052,632 | 1.04 | 12 |
| MRS HEATHER JOY BUCHANAN | 8,362,447 | 1.96 | 13 |
| STRATEGIC CONSULTANTS PTY LTD | 6,120,000 | 0.70 | 14 |
| MR SEAN REVELLE LLEWELYN | 5,400,000 | 0.62 | 15 |
| CHALLENGER TRADING CORPORATION LIMITED | 5,140,000 | 0.59 | 16 |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 5,018,472 | 0.57 | 17 |
| MR GLENN MARTIN COURTIS | 4,902,000 | 0.56 | 18 |
| NEFCO NOMINEES PTY LTD | 3,844,437 | 0.44 | 19 |
| KAIOR PTY LTD | 3,099,507 | 0.35 | 20 |