Deep Yellow Limited

ASX Announcement **ASX & NSX: DYL / OTCQX: DYLLF**

8 March 2019

31 DECEMBER 2018 HALF-YEAR FINANCIAL REPORT

Attached please find Half-Year Financial Report for the six months ended 31 December 2018.

Yours faithfully

JOHN BORSHOFF
Managing Director/CEO
Deep Yellow Limited

Deep Yellow Limited

(ACN 006 391 948)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Contents

Board of Directors

Rudolf Brunovs	Chairman (Non-executive)
John Borshoff	Managing Director/CEO*
Mervyn Greene	Non-executive Director
Justin Reid	Non-executive Director
Gillian Swaby	Executive Director
Christophe Urtel	Non-executive Director

* referred to as Managing Director throughout this report.

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Company Secretary

Mr Mark Pitts

Postal Address

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Stock Exchange Listings

Australian Securities Exchange (**ASX**)	Code: DYL
OTC Markets Group (**OTCQX**)	Code: DYLLF
Namibian Stock Exchange (**NSX**)	Code: DYL

Auditor

Ernst & Young

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Website Address

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Share Registry

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Australian Business Number

97 006 391 948

The Directors of Deep Yellow Limited (**Company**) submit herewith the financial report of the Company and its subsidiaries (the **Group**) for the half-year ended 31 December 2018. In order to comply with the provisions of the *Corporations Act 2001,* the Directors report as follows:

Directors

The names of the Company's directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Rudolf Brunovs	Chairman (Non-executive)
John Borshoff	Managing Director
Mervyn Greene	Non-executive Director
Justin Reid	Non-executive Director
Gillian Swaby	Executive Director
Christophe Urtel	Non-executive Director

REVIEW AND RESULTS OF OPERATIONS

Overview

Activities for the 6-month period to 31 December 2018 continued to concentrate on the Company's Namibian projects with the following focus:

- Enhancing the uranium resource base over the Reptile Project with the objective of achieving an exploration target[1] of 100Mlb to 150Mlb U_3O_8 in the grade range 300ppm to 500ppm U_3O_8 for calcrete style deposits; and

- Defining and drill-testing specific exploration targets over the Nova JV Project searching for basement-associated mineralisation (Rössing/Husab style deposits) and surficial-calcrete style mineralisation (Langer Heinrich style deposits).

[1] *The Company acknowledges that the potential quantity and grade of the palaeochannel related exploration target is conceptual in nature and that, at the commencement of revived investigations from November 2016, there was insufficient additional exploration to estimate an expanded Mineral Resource. Additional exploration is now occurring with significant success confirming prospectivity and more drilling is planned. Although the Company is confident additional resources will be identified, it is uncertain if ongoing work will result in the delineation and estimation of the expanded Mineral Resource that has been targeted for achievement. From the review and evaluation of calcrete associated mineralisation already identified on the Company's tenements, which commenced in the December 2016 Quarter, and the successful exploration carried out since that time, the Company is continuing to attain a greater understanding of the stratigraphy of the palaeochannels which host mineralisation and its potential. This work has provided renewed confidence that mineralisation is likely to be identified in targeted but contiguous areas on our tenements.*

Targeted tonnage/grades are based on results and understanding from work carried out over the past 10 years in this region. The Exploration Targets are planned to be tested over the next 12 to 24 months by an exploration program including geophysical field work and drill testing of targeted areas.

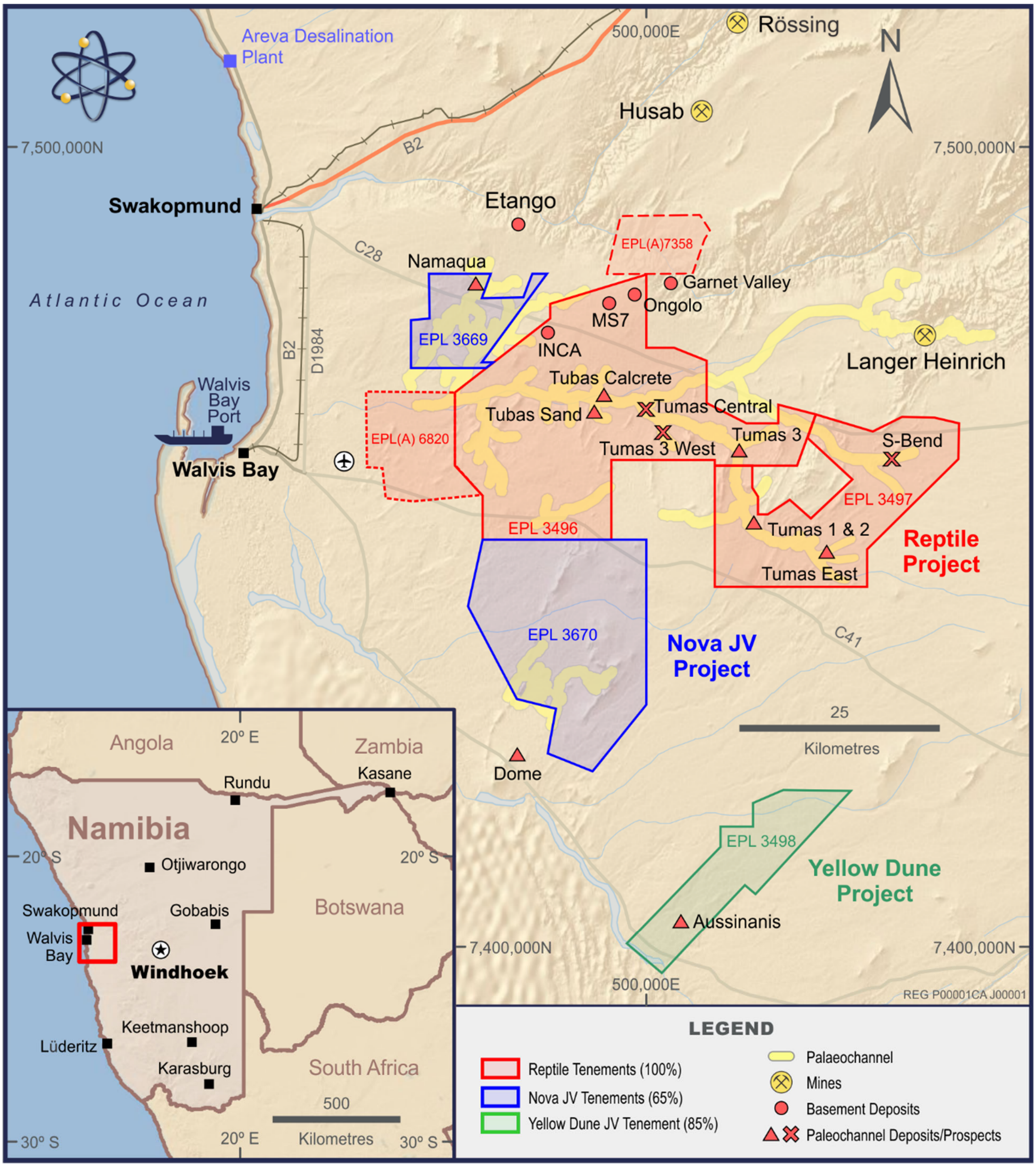

Figure 1: *Showing Reptile Project (EPLs 3496, 3497) with Tumas Deposits and main prospect locations over palaeochannels and Nova JV Project (EPLs 3669,3670).*

REPTILE PROJECT, NAMIBIA (EPLs 3496, 3497) – 100% Deep Yellow

Activities on the Reptile Project carried out between July 2018 to the end of December 2018 involved testing of the S-Bend drainage, Tumas 1 East where a new mineralised tributary system was identified and the Tumas 3 West area. A total of 9,178m involving 577 holes was drilled in this period (Figure 1). In November 2018 the Company reported very positive drilling results discovering new continuous mineralisation in the Tumas 1 East palaeochannel area.

Tumas 1 East Exploration Drilling

Broad exploration delineation drilling testing the headwaters east of the Tumas 1 deposit identified a multipronged channel system, at this stage comprising 7 tributaries, draining into the main Tumas palaeochannel.

This work has expanded the area of high significance for uranium mineralisation to a considerable extent. With this work, the drilling has identified a total of 15-16km of highly prospective mineralised channels available for consideration in future resource upgrade work. Large portions of these new tributary channels that have been delineated still remain to be tested.

Tumas 1 East Resource Drilling

Of the 7 tributaries that have been identified, continuous uranium mineralisation has been encountered along Tributary 1 and the upper reaches of Tributary 2. Resource infill drilling has confirmed the continuity of this uranium mineralisation for 4.6km in Tributary 1 and 1.6km for Tributary 2, totalling 6.2km.

192 or 72% of the holes drilled show uranium mineralisation above 100ppm eU_3O_8 over 1m. The average thickness of the mineralisation is 6.6m and can reach a thickness of up to 14m and a maximum grade of up to 1,799ppm eU_3O_8. These mineralised channels range from 100m to 900m in width. The mineralisation is located at shallow depths from surface to 20m. Except for localised hot spots, large parts of this mineralisation do not show any surface radiometric expression.

Tumas 3 West Resource Drilling

Resource definition drilling was also carried out in the Tumas 3 West area over a tributary channel entering the main Tumas palaeochannel from the south. Mineralisation in this palaeochannel is between 100m to 500m wide and 2.2km long and is situated in a zone ranging from 5m to 30m below surface.

This area will also be considered for the forthcoming resource estimation work. Of these 81 holes, 29 (or 36%) show uranium mineralisation above 100ppm eU_3O_8 over 1m. In places the mineralisation reaches a thickness of up to 10m at 627ppm eU_3O_8.

Upgrading of Mineral Resource Estimate

In July 2018 the Company carried out a Mineral Resource Estimate on the mineralised areas extending immediately from the recently defined Tumas 3 deposit – adding a further 7.47Mlb eU_3O_8 of Inferred Resources. With this addition to the resource base, the Tumas 3 deposit, at a 200ppm eU_3O_8 cut-off, now contains 31.2Mlb Inferred Mineral Resources at 377ppm eU_3O_8, an increase of 32% to the maiden Mineral Resource as announced to the ASX in September 2017. In 18 months, the Company has doubled the pre-2017 32.1Mlb palaeochannel-related Mineral Resource base on the Reptile Project, now reaching 63.3Mlb, grading 301ppm eU_3O_8. The full resource status of the Namibian Projects can be seen in the JORC Table on Page 5.

In conclusion:

- The Tumas 1 East area contains highly significant uranium mineralisation identified in previously unknown tributary channels.
    - A total of 16km of highly prospective mineralised channel has been identified for follow-up resource drilling.
    - The first stage of infill resource drilling has delineated a zone of 6.2km ready for resource estimation work with the balance to be infill-drilled during 2019.
- The Tumas 3 West area, where infill resource drilling of a tributary palaeochannel identified 2.2km of mineralised channel will also be considered for resource estimation work.

An updated inferred Mineral Resource Estimate for the Tumas 1 East Zone, in conjunction with Tumas 1 & 2 and Tumas 3 West, is expected to be announced in 2019.

MINERAL RESOURCE STATEMENT

Deposit	Category	Cut-off (ppm U_3O_8)	Tonnes (M)	U_3O_8 (ppm)	U_3O_8 (t)	U_3O_8 (Mlb)	Resource Categories (Mlb U_3O_8) Measured	Indicated	Inferred
BASEMENT MINERALISATION									
Omahola Project - JORC 2004									
Inca Deposit ♦	Indicated	250	7.0	470	3,300	7.2	-	7.2	-
Inca Deposit ♦	Inferred	250	5.4	520	2,800	6.2	-	-	6.2
Ongolo Deposit #	Measured	250	7.7	395	3,000	6.7	6.7	-	-
Ongolo Deposit #	Indicated	250	9.5	372	3,500	7.8	-	7.8	-
Ongolo Deposit #	Inferred	250	12.4	387	4,800	10.6	-	-	10.6
MS7 Deposit #	Measured	250	4.4	441	2,000	4.3	4.3	-	-
MS7 Deposit #	Indicated	250	1.0	433	400	1	-	1	-
MS7 Deposit #	Inferred	250	1.3	449	600	1.3	-	-	1.3
Omahola Project Sub-Total			**48.7**	**420**	**20,400**	**45.1**	**11.0**	**16.0**	**18.1**
CALCRETE MINERALISATION									
Tumas 3 Expanded Deposit (2017/18 Resource) - JORC 2012									
Tumas 3 Expanded ♦	Inferred	200	37.5	377	14,100	31.2			
Tumas 3 Deposit			**37.5**	**377**	**14,100**	**31.2**	-	-	31.2
Tubas Sand Deposit - JORC 2012									
Tubas Sand #	Indicated	100	10.0	187	1,900	4.1	-	4.1	-
Tubas Sand #	Inferred	100	24.0	163	3,900	8.6	-	-	8.6
Tubas Sand Project Total			**34.0**	**170**	**5,800**	**12.7**			
Tumas 1 & 2 Deposits - JORC 2012									
Tumas 1 & 2 ♦	Measured	200	9.7	386	3,700	8.2	8.2	-	-
Tumas 1 & 2 ♦	Indicated	200	6.5	336	2,200	4.8	-	4.8	-
Tumas 1 & 2 ♦	Inferred	200	0.4	351	150	0.3	-	-	0.3
Tumas Project Total			**16.6**	**366**	**6,050**	**13.3**			
Tubas Calcrete Deposit - JORC 2004									
Tubas Calcrete	Inferred	100	7.4	374	2,800	6.1	-	-	6.1
Tubas Calcrete Total			**7.4**	**374**	**2,800**	**6.1**			
Aussinanis Deposit - JORC 2004									
Aussinanis ♦	Indicated	150	5.6	222	1,200	2.7	-	2.7	-
Aussinanis ♦	Inferred	150	29.0	240	7,000	15.3	-	-	15.3
Aussinanis Deposit Total			**34.6**	**237**	**8,200**	**18.0**			
Calcrete Deposits Sub-Total			**130.1**	**284**	**36,950**	**81.3**	**8.2**	**11.6**	**61.5**
GRAND TOTAL RESOURCES			**178.8**	**321**	**57,350**	**126.4**			

Notes: *Figures have been rounded and totals may reflect small rounding errors.*

XRF chemical analysis unless annotated otherwise.

♦ eU_3O_8 - equivalent uranium grade as determined by downhole gamma logging.

 # Combined XRF Fusion Chemical Assays and eU_3O_8 values.

Where eU_3O_8 values are reported it relates to values attained from radiometrically logging boreholes.

Gamma probes were calibrated at Pelindaba, South Africa in 2007 and sensitivity checks are conducted by periodic re-logging of attest hole to confirm operation between 2008 and 2013.

During drilling, probes are checked daily against standard source.

NOVA JV, NAMIBIA (EPLs 3669, 3670) – 65% Deep Yellow

A total of 122m involving 4,787 holes was drilled on the Nova JV project in the 6 months ending 31 December 2018, focussing on target definition and drilling to test for both basement- related uranium targets (Rössing/Husab style deposits) and palaeochannel/calcrete associated uranium targets (Langer Heinrich style deposits).

A total of 105 holes for 3,129m tested palaeochannel targets. The Namaqua prospect, where uranium mineralisation was previously identified in a palaeochannel, follow-up drilling only identified weak uranium mineralisation in two drill holes south of the 2017 discovery. This extended the NW-SE trending mineralisation over a strike length of approximately 500m. Some drilling remains to be carried out to fully test this target.

At Bowsprit the drilling tested the southern extension of the Namaqua channel and two adjacent holes intersected 3m intervals of <100ppm U_3O_8 indicating a thin mineralised body approximately 80m - 100m wide. The previously unexplored Day Gecko Channel was tested with 11 holes involving 107m and intersected promising uranium mineralisation including 5m averaging 60ppm eU_3O_8 over 5m, peaking at 320ppm.

A total of 17 RC holes involving 1,745m was completed to test basement hosted targets. The Iguana target, where three northwest trending sets of distinctly dark grey to black uranium bearing quartz veins were identified, showed some encouragement. Uranium mineralisation was recorded in four of the seven holes drilled and this area will be followed up in 2019.

In conclusion on the Nova JV project, although the follow-up drilling at Namaqua did not identify economic uranium mineralisation, the indication that previously unexplored (and unknown) palaeochannels are fertile and carry uranium mineralisation (as previously identified at Namaqua and now at Bowsprit and Day Gecko) is highly significant and this is regarded as a positive development. Further drilling is planned in 2019 to explore other untested palaeochannels.

The exploration of the basement targets has identified a promising zone of uranium anomalism at Iguana. Although grade and thickness of the mineralisation encountered is of a low-level, results show a mineralising event has occurred and needs to be followed up. Mineralisation may improve at depth and toward the north-west where the prospective zone is blanketed by alluvium cover. This will be tested in 2019.

Competent Person's Statement

Exploration Results and Mineral Resource Estimate

The information in this report that relates to Exploration Results, Mineral Resource Estimates and Exploration Targets, is based on information compiled by Mr. Martin Hirsch, M.Sc.Geology, who is a member of the Institute of Materials, Minerals and Mining (UK) and the South African Council for Natural Science Professionals. Mr. Hirsch, who is the Exploration Manager for Reptile Mineral Resources and Exploration (Pty) Ltd (RMR – the Manager), has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person in terms of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code 2012 Edition). Mr. Hirsch consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Mr Hirsch holds shares and performance share rights in the Company.

Results of operations

Exploration expenditure for the half-year was $949,460 (December 2017: $563,034).

Consolidated loss from continuing operations after income tax for the half-year was $1,719,540 (December 2017: $1,237,355). Included in the total expenses of $1,930,228 (December 2017: $1,437,797) for the period are exploration costs written-off to the amount of $2,507 (December 2017: $7,653).

Equity

Issued share capital increased by $42,350 during the period. The increase relates to the issue of shares to employees in relation to the vesting of Performance Share Rights.

Auditor's Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 8 and forms part of this Directors' Report for the half-year ended 31 December 2018.

Signed in accordance with a resolution of the Board of Directors.

John Borshoff
Managing Director
Dated this day 8 March 2019

Building a better working world

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Auditor's Independence Declaration to the Directors of Deep Yellow Limited

As lead auditor for the review of Deep Yellow Limited for the half-year ended 31 December 2018, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review*;* and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Deep Yellow Limited and the entities it controlled during the financial period.

Ernst & Young

Robert A Kirkby
Partner
8 March 2019

	Notes	Consolidated **31 December 2018** **$**	 31 December 2017 $
Interest revenue using effective interest rate		**104,892**	120,649
Other income	3	**105,796**	79,793
Revenue and other income		**210,688**	200,442
Depreciation and amortisation expenses	3	**(45,096)**	(36,120)
Marketing expenses		**(97,399)**	(92,908)
Occupancy expenses		**(100,402)**	(72,852)
Administrative expenses		**(1,051,627)**	(794,141)
Employee expenses	3	**(633,197)**	(434,123)
Exploration costs written off	8	**(2,507)**	(7,653)
Loss before income tax		**(1,719,540)**	(1,237,355)
Income tax expense	3	**-**	-
Loss for the period after income tax		**(1,719,540)**	(1,237,355)
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation profit		**129,637**	1,250,187
Other comprehensive income for the period, net of tax		**129,637**	1,250,187
Total comprehensive (loss)/income for the period, net of tax		**(1,589,903)**	12,832
		Cents	Cents
Loss per share attributable to the ordinary equity holders of the Company			
Basic loss per share		**(0.90)**	(0.65)
Diluted loss per share		**(0.90)**	(0.65)

The accompanying notes form part of these financial statements

Interim Consolidated Statement of Financial Position
As at 31 December 2018

	Notes	Consolidated 31 December 2018 $	30 June 2018 $
Assets			
Current Assets			
Cash and cash equivalents	5	**8,341,388**	10,690,253
Trade and other receivables	6(a)	**542,873**	444,464
Other assets	6(b)	**186,044**	224,066
Total Current Assets		**9,070,305**	11,358,783
Non-Current Assets			
Property, plant and equipment	7	**612,677**	579,858
Deferred exploration expenditure	8	**30,301,942**	29,279,061
Total Non-Current Assets		**30,914,619**	29,858,919
Total Assets		**39,984,924**	41,217,702
Liabilities			
Current Liabilities			
Trade and other payables		**381,623**	431,761
Total Current Liabilities		**381,623**	431,761
Total Liabilities		**381,623**	431,761
Net Assets		**39,603,301**	40,785,941
Equity			
Issued capital		**238,764,512**	238,722,162
Accumulated losses		**(194,046,408)**	(192,326,868)
Employee equity benefits' reserve		**11,451,056**	11,086,143
Foreign currency translation reserve		**(16,565,859)**	(16,695,496)
Total Equity		**39,603,301**	40,785,941

The accompanying notes form part of these financial statements

Interim Consolidated Statement of Changes in Equity
For the Half-Year Ended 31 December 2018

	Issued capital	Accumulated losses	Employee equity benefits' reserve	Foreign currency translation reserve	Total equity
	$	$	$	$	$
At 1 July 2018	238,722,162	(192,326,868)	11,086,143	(16,695,496)	40,785,941
Loss for the period	-	(1,719,540)	-	-	(1,719,540)
Other comprehensive income	-	-	-	129,637	129,637
Total comprehensive loss for the period	-	(1,719,540)	-	129,637	(1,589,903)
Conversion of Performance Share Rights	42,350	-	(42,350)	-	-
Performance Share Rights expensed	-	-	79,676	-	79,676
Share-based payments	-	-	327,587	-	327,587
At 31 December 2018	**238,764,512**	**(194,046,408)**	**11,451,056**	**(16,565,859)**	**39,603,301**

	Issued capital	Accumulated losses	Employee equity benefits' reserve	Foreign currency translation reserve	Total equity
	$	$	$	$	$
At 1 July 2017	239,065,259	(189,770,518)	10,774,425	(16,364,671)	43,704,495
Loss for the period	-	(1,237,355)	-	-	(1,237,355)
Other comprehensive income	-	-	-	1,250,187	1,250,187
Total comprehensive profit for the period	-	(1,237,355)	-	1,250,187	12,832
Capital raising costs	(489,215)	-	-	-	(489,215)
Conversion of Performance Share Rights	68,395	-	(68,395)	-	-
Performance Share Rights expensed	-	-	23,583	-	23,583
Share-based payments	-	-	114,716	-	114,716
At 31 December 2017	**238,644,439**	**(191,007,873)**	**10,844,329**	**(15,114,484)**	**43,366,411**

The accompanying notes form part of these financial statements

Interim Consolidated Statement of Cash Flows
For the Half-Year Ended 31 December 2018

	Notes	Consolidated 31 December 2018 $	Consolidated 31 December 2017 $
Cash flows from operating activities			
Payments to suppliers and employees		**(1,008,813)**	(1,213,137)
Interest received		**95,285**	26,462
Research and development tax incentive		**43,577**	-
Other receipts		**80**	-
Net cash flows used in operating activities		**(869,871)**	(1,186,675)
Cash flows from investing activities			
Payments for property, plant and equipment		**(77,619)**	(82,626)
Payments for exploration expenditure		**(2,123,613)**	(1,795,402)
Proceeds on disposal of fixed assets		**3,162**	-
Other (JOGMEC earn-in contribution)		**665,952**	934,362
Net cash flows used in investing activities		**(1,532,118)**	(943,666)
Cash flows from financing activities			
Capital raising costs		**-**	(489,216)
Net cash flows from financing activities		**-**	(489,216)
Net decrease in cash held		**(2,401,989)**	(2,619,557)
Net foreign exchange difference		**53,124**	117,799
Cash and cash equivalents at the beginning of the period		**10,690,253**	14,959,841
Cash and cash equivalents at the end of the period	5	**8,341,388**	12,458,083

The accompanying notes form part of these financial statements

Note 1 Corporate information

The interim condensed consolidated financial statements of Deep Yellow Limited and its subsidiaries (collectively, the Group) for the half-year ended 31 December 2018 were authorised for issue in accordance with a resolution of the Directors on 7 March 2019, subject to minor changes. Deep Yellow Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded. The Group's principal activities are uranium mineral exploration activities in Namibia.

Note 2 Basis of preparation and changes to the Group's accounting policies

Basis of preparation

The interim condensed consolidated financial statements for the half-year ended 31 December 2018 have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

The interim condensed consolidated financial statements do not include all the information and disclosures normally included within the annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the annual financial statements.

It is recommended that the interim condensed consolidated financial statements be read in conjunction with the Group's annual financial statements for the year ended 30 June 2018 and considered together with any public announcements made by Deep Yellow Limited during the half-year ended 31 December 2018 in accordance with the continuous disclosure obligations of the ASX listing rules.

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2018, except for adoption of new standards effective for annual periods beginning on or after 1 January 2018. The Group has not early adopted any other standard, interpretation or amendment that have been issued but are not yet effective.

The Group applies for the first time AASB 9 Financial Instruments. As required by AASB 134, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim condensed consolidated financial statements of the Group.

AASB 9 *Financial Instruments*

AASB 9 *Financial Instruments* replaces IAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for *Financial Instruments*: classification and measurement; impairment and hedge accounting. Applying IFRS 9 had no material impact on the Financial Position as at 31 December 2018, the Statement of Profit or Loss and Other Comprehensive Income or Statement of Cash Flows for the six months ended 31 December 2018. The Group's financial assets (cash and cash equivalents and trade and other receivables) that were previously designated as receivables under AASB 139 are now classified as amortised costs under AASB 9. There are no changes in classification and measurement for the Group's financial liabilities.

There has been no significant impact on the Group's financial position on applying the classification and measurements requirements of IFRS 9. It expects to continue measuring its *Financial Instruments* at fair value. IFRS 9 requires the Company to record expected credit losses of its financial assets, either on a 12 month or lifetime basis. The Group does not expect any credit losses and would not require any impairment of its *Financial Instruments.* The Group does not anticipate any hedge accounting in relation to its financial liabilities.

AASB 2016-5 *Classification and Measurement of Share-based Payment Transactions*

AASB 2016-5 *Classification and Measurement of Share-based Payment Transactions* amends AASB 2 *Share-based Payment* that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations and accounting where modification to the terms and conditions of a share based payment transaction changes its classification from cash settled to equity settled. The Group has no cash-settled share-based payment transactions. In addition, the Group has no share-based payment transaction with net settlement features for withholding tax obligations and had not made any modifications to the terms and conditions of its share-based payment transactions. Therefore, these amendments do not have any impact on the Group's Interim Condensed Consolidated Financial Statements.

Note 3 Income and expenses

	Consolidated	
	31 December 2018 $	31 December 2017 $
Loss for the period includes:		
Other income		
Rental and sundry income	**62,219**	79,793
Research and development tax incentive	**43,577**	-
	105,796	79,793
Depreciation expense		
Office equipment	**21,468**	12,707
Vehicles	**752**	924
Site equipment	**10,751**	10,721
Buildings	**12,125**	11,768
	45,096	36,120
Employee expenses		
Wages, salaries and fees	**260,791**	300,880
Superannuation	**9,304**	9,551
Share-based payments	**363,102**	123,692
	633,197	434,123

Income Tax

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings.

Numerical reconciliation between aggregate tax expense recognised in the Statement of Profit and Loss and Other Comprehensive Income and the tax expense calculated per the statutory income tax rate		
Loss before income tax	**(1,719,540)**	(1,237,355)
Prima facie tax on result at 30% (2017: 30%)	**(515,862)**	(371,207)
Effect of tax rates in foreign jurisdictions	**37,415**	70,220
Non-deductible share-based payment expense	**104,539**	34,572
Under-provision in prior year	**(4,521)**	-
Carry forward tax losses not brought to account	**388,081**	263,180
Non-assessable income: Research and development incentive	**(13,073)**	-
Other	**3,421**	3,235
Income tax expense recognised in Statement of Profit and Loss and Other Comprehensive Income	**-**	-

Note 4 Operating segment information

The following tables present revenue and profit information for the Group's operating segments for the half-years ended 31 December 2018 and 2017, respectively.

	Australia $	Namibia $	Total $
Half-Year Ended 31 December 2018			
Revenue			
Other income	**-**	**62,219**	**62,219**
Unallocated			
Interest income			**104,892**
Research and development tax incentive			**43,577**
Total revenue			**210,688**
Results			
Pre-tax segment loss	**(1,766,931)**	**(101,078)**	**(1,868,009)**
Unallocated			
Interest income			**104,892**
Research and development tax incentive			**43,577**
Loss from continuing operations after income tax			**(1,719,540)**

	Australia $	Namibia $	Total $
Half-Year Ended 31 December 2017			
Revenue			
Other income	-	79,793	79,793
Unallocated			
Interest income			120,649
Total revenue			200,442
Results			
Pre-tax segment loss	(1,161,104)	(196,900)	(1,358,004)
Unallocated			
Interest income			120,649
Loss from continuing operations after income tax			**(1,237,355)**

Note 4 Operating segment information (cont.)

The following tables present asset information for the Group's operating segments as at 31 December 2018 and 30 June 2018, respectively.

	Australia $	Namibia $	Total $
Half-Year Ended 31 December 2018			
Segment Assets			
Segment operating assets	**207,328**	**30,893,335**	**31,100,663**
Unallocated assets			
Cash			**8,341,388**
Receivables			**542,873**
Total assets			**39,984,924**

	Australia $	Namibia $	Total $
Year Ended 30 June 2018			
Segment Assets			
Segment operating assets	234,635	29,848,350	30,082,985
Unallocated assets			
Cash			10,690,253
Receivables			444,464
Total assets			41,217,702

Adjustments and eliminations

The following items and associated assets are not allocated to individual segments as the underlying instruments are managed on an overall group basis:

- Interest income
- Taxes
- Cash
- Receivables
- Liabilities are not allocated to the segments as they are not monitored by the executive management team on a segment by segment basis

Note 5 Current assets – cash and cash equivalents

	Consolidated		
	31 December 2018 **$**	30 June 2018 $	31 December 2017 $
Cash at bank and in hand	**2,341,388**	4,690,253	3,458,083
Deposits	**6,000,000**	6,000,000	9,000,000
Total cash and cash equivalents	**8,341,388**	10,690,253	12,458,083

Note 6 Current assets – trade and other receivables

	Consolidated	
	31 December 2018 $	30 June 2018 $
(a) Receivables		
GST recoverable	**144,978**	116,984
Other receivables	**397,895**	327,480
	542,873	444,464
(b) Other assets		
Bonds	**102,376**	100,852
Prepayments	**83,668**	123,214
	186,044	224,066

Note 7 Property, plant and equipment

There had been no significant acquisitions or disposals of assets for the half-year ended 31 December 2018.

Note 8 Deferred exploration expenditure

		Consolidated	
	31 December 2018 $	30 June 2018 $	31 December 2017 $
Cost brought forward at the start of the reporting period	**29,279,061**	29,805,851	28,181,518
Exploration expenditure incurred during the period at cost	**949,460**	927,726	563,034
Exchange adjustment	**75,928**	(1,449,869)	1,068,952
Exploration expenditure written-off	**(2,507)**	(4,647)	(7,653)
Cost carried forward at the end of the reporting period	**30,301,942**	29,279,061	29,805,851

Exploration expenditure written-off relates to Namibian assets for which the expenditure is not expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale.

Note 9 Share-based payments

(a) Performance Share Rights

On 19 November 2018 265,476 Performance Share Rights were granted to employees under the Deep Yellow Limited Awards Plan (**Awards Plan**). Performance Share Rights were granted under the Awards Plan for no consideration. The rights vest if certain time measures are met in the measurement period. If these time measures are not met, the rights lapse. The fair value of the rights granted is estimated to be the share price of Deep Yellow Ltd at the date of acceptance. The contractual life of each granted right is 15 years with a vesting period of 776 days to 30 November 2019. There is no cash settlement for the rights. The fair value of rights granted during the six months ended 31 December 2018 was estimated on the date of acceptance using an underlying security spot price of $0.495.

The weighted average fair value of the Performance Share Rights granted during the six-month period was $0.495 (year ended 30 June 2018: $0.33). For the six months ended 31 December 2018, the Group has recognised an expense of $35,514 in the Consolidated Statement of Comprehensive Income (31 December 2017: 8,976).

Note 9 Share-based payments (cont.)

(b) Loan Plan Shares

On 19 November 2018, 6,283,941 shares were granted to executive directors, employees and contractors under the Deep Yellow Limited Share Loan Plan (Share Plan). The Share Plan rewards and incentivises employees (including Directors who are employees of the Company) and contractors (participant), where shareholder approval has been granted, through an arrangement where participants are offered shares subject to long term performance conditions. The shares are offered at market value such that the incentive is linked to the increase in value over and above the purchase price and so aligns the participants to the risks and rewards of a shareholder. The purchase price payable by the participant for the ordinary shares is lent to the participant under an interest free limited recourse loan, with the loan secured against the shares. The loan can be repaid at any time, however, the loan must be repaid on the earlier of 5 years after the issuance of the shares and the occurrence of:

a) in the case of vested shares, the date being 12 months after cessation of employment or service contract for any reason; or
b) pre-determined occurrences as per the Share Plan including but not limited to a Control Event or material breach by the Participant.

The shares vest if certain Company share price targets are met and the holder of the awards remains employed or contracted with the Company during the measurement period. If these conditions are not met the shares are forfeited and the forfeited shares are treated as full consideration for the repayment of the loan. A participant may not trade shares acquired under the Plan until the shares have vested, any imposed dealing restrictions have ended and the limited recourse loan in respect to those shares has been paid in full. The fair value at grant date is estimated using a Black Scholes option pricing model for shares with non-market based vesting conditions and a Monte-Carlo model for those with market based vesting conditions. The fair value of shares granted during the six month period ended 31 December 2018 was estimated on the date of grant using the following assumptions:

Dividend yield (%)	Zero
Expected volatility (%)	100.00
Risk free interest rate (%)	2.32
Expected loan term (years)	5.00
Share price at valuation date ($)	0.495

The weighted average fair value of the shares granted during the six month period was $0.34 (year ended 30 June 2018: $0.204)

For the six months ended 31 December 2018, the Group has recognised $327,588 of loan plan share expense in the Statement of Profit or Loss (31 December 2017: $114,716).

Note 10 Contingent assets and liabilities

There were no material contingent assets or liabilities as at 31 December 2018.

Note 11 Events after the reporting date

No event or circumstance has arisen since 31 December 2018 that would require disclosure in the financial report.

Note 12 Dividends

No dividends were paid or proposed for the six months ended 31 December 2018 or 31 December 2017.

Note 13 Key Management Personnel disclosures

There had been no significant change to transactions with and/or compensation to Key Management Personnel since the end of the last annual reporting period, except for:

Other Transactions with Key Management Personnel

Mr Borshoff continued to provide services to the Group through Scomac Management Services Pty Ltd (**Scomac**) as described in the 2018 Financial Report. During the reporting period Scomac billed the Company $577,175, inclusive of GST and on-costs, for technical and geological services rendered by him and other Scomac personnel on normal commercial terms and conditions.

Ms Swaby continued to provide services to the Group through Strategic Consultants Pty Ltd (**Strategic**) as described in the 2018 Financial Report. During the reporting period Strategic billed the Company $157,712, inclusive of GST, for consultancy services on normal commercial terms and conditions.

There were no other transactions with any Director or Key Management Personnel or any of their related entities during the reporting period.

In accordance with a resolution of the Directors of Deep Yellow Limited (the **Company**), I state that:

In the opinion of the Directors:

1. The financial statements and notes of the consolidated entity for the half-year ended 31 December 2018 are in accordance with the *Corporations Act 2001*, including:

   a. giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and

   b. complying with Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board of Directors.

John Borshoff
Managing Director
Dated this day 8 March 2019

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Independent Auditor's Review Report to the Members of Deep Yellow Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Deep Yellow Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at 31 December 2018, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and of its consolidated financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2018 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Ernst & Young

Ernst & Young

R Kirkby
Partner
Perth
8 March 2019