TANAMI GOLD NL

ABN 51 000 617 176

2010 ANNUAL FINANCIAL REPORT

Page

The directors present their report together with the consolidated financial report of the Consolidated Entity, being the Company and its subsidiaries for the year ended 30 June 2010 and the auditor's report thereon.

1. Directors

The Directors of the Company at any time during or since the end of the financial year are:

Non-Executive Chairman – Denis P Waddell, ACA, FAICD (appointed 21 July 1995)

Mr Denis Waddell, aged 53, is a Chartered Accountant with extensive experience in the management of exploration and mining companies. Prior to establishing Tanami Exploration NL in 1994, he was the Finance Director of the Metana Minerals NL group. During the past 27 years, he has gained considerable experience in corporate, finance and operations management of exploration and mining companies. Mr Waddell is also the Executive Chairman of Orion Gold NL and was appointed to that position on 27 February 2009.

Managing Director/ CEO – Graeme J Sloan, B.App.Sc (Mining), Dip Mine Survey, MAusIMM (appointed 18 September 2008)

Mr Graeme Sloan, aged 56, is a Mining Engineer with extensive operational and corporate experience both within Australia and overseas including experience as a Managing Director/CEO of a publicly listed mining company. Mr Sloan's mining experience has been gained in different commodities and includes project development, open pit and underground mining. Prior to joining Tanami Gold NL, Mr Sloan was Managing Director/CEO of Perseverance Limited and resigned in August 2007. Mr Sloan is currently a Non-Executive Director of Orion Gold NL and was appointed on 23 July 2008.

Non-Executive Director – Alan A Senior, Asscshp Mech Eng, FIEAUST, CPEng, FAusIMM (appointed 31 July 2007)

Mr Alan Senior, aged 63, is a Consulting Engineer with over 30 years of experience in design and project development mainly associated with the mining and mineral processing industry in Australia. Alan's previous roles include Project Manager for the development of the Cosmos Nickel Mine and the subsequent transition from open cut to underground mining for Jubilee Mines NL. Mr Senior was previously a Non-Executive Director of Jubilee Mines NL, resigning on 11 February 2008. Mr Senior is also the independent Non-Executive Chairman of Talisman Mining Limited and was appointed to that position on 7 November 2007.

Non-Executive Director – Lee Seng Hui (appointed 5 March 2008)

Mr. Lee Seng Hui, aged 41, is currently the Chief Executive of Allied Group Limited ("AGL"), a Hong Kong listed company, having been appointed in January 1998. Mr. Lee graduated with Honours from the Law School of the University of Sydney and worked with Baker & McKenzie and NM Rothschild & Sons (Hong Kong) Limited. Following his appointment as a Non-Executive Director of AGL in July 1992, Mr. Lee became an Executive Director in December 1993. On 2 October 2009, Mr. Lee was appointed as a Non-Executive Director of APAC Resources Limited which is a Hong Kong listed company. On 18 June 2010, Mr. Lee was appointed as the Chief Executive and Executive Director of Allied Properties (H.K) Limited ("APL") which is a Hong Kong listed company and a non wholly-owned subsidiary of AGL. He is also a Non-Executive Director and Chairman of Tian An China Investments Company Limited which is a Hong Kong listed company and an associate of AGL. Mr. Lee was previously the Chairman and an Executive Director of Yu Ming Investments Limited (now known as SHK Hong Kong Industries Limited),which is also a Hong Kong listed company and a subsidiary of AGL. Mr. Lee was appointed to the Board of Mount Gibson Iron Limited as a Non-Executive Director on 29 January 2010.

2. Company Secretary

Kim Hogg B.Com

Mr Kim Hogg was re-appointed to the position of Company Secretary on 1 June 2007, having previously held the position between April 1998 and December 2005. Mr Hogg has worked in the private sector for the past 17 years as a principal of an accounting practice providing specialist services to clients seeking to raise capital and list on the Australian Securities Exchange (ASX). He has predominately been involved in the preparation of prospectuses and in compliance work as Company Secretary for both listed and unlisted entities, and is currently Company Secretary of several ASX-listed companies. Mr Hogg resigned as Company Secretary on 1 September 2010.

Jon Latto B.Com CA MBA GradDipAppCorpGov ACIS

Mr Jon Latto, the Company's Chief Financial Officer, was appointed Company Secretary on 1 September 2010. Mr Latto is a Chartered Accountant with over 16 years experience gained both locally and internationally. Prior to joining Tanami Gold NL in November 2007, Mr Latto was a Senior Manager within Ernst & Young's Business Advisory Services division working in Australia, America and India on projects focussed primarily on finance function reform. Prior to this, Mr Latto held roles with Iluka Resources Limited in Australia and Halifax Bank of Scotland and Cable & Wireless Plc in London. Mr Latto qualified as a Chartered Secretary in September 2009.

3. Directors' Meetings

The number of Directors' meetings, including meetings of committees of Directors, and number of meetings attended by each of the Directors of the Company during the financial year:

Director	Board Meetings		Audit and Risk Committee Meetings		Remuneration & Nomination Committee Meetings	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
D Waddell	7	7	1	1	1	1
G Sloan	7	7	1	1	1	1
A Senior	7	7	1	1	1	1
SH Lee	7	6	-	-	-	-

4. Nature of Operations and Principal Activities

The Company is a no liability company and is domiciled and incorporated in Australia. The principal activity of the Consolidated Entity during the course of the financial year was gold mining operations and mineral exploration.

5. Operating and Financial Review

This year has been particularly busy with the Company achieving a number of significant operational and corporate milestones, including:

- Establishment of a strategic 30% shareholding (fully diluted) in ABM Resources NL;
- Completion of the Central Tanami Gold Project acquisition from Newmont Mining Corporation;
- A 106% increase in gold production from the Western Tanami Operations (from 23,320 ounces for the year ended 30 June 2009 to 47,960 ounces in the year ended 30 June 2010;
- A doubling of the Company's total Mineral Resource; and
- Commencement of a $15 million exploration program for the Western and Central Tanami region.

The above milestones fall within the Company's Strategic Direction Roadmap endorsed by the Board in 2008-09 which was aimed at positioning the Company for long term growth and value return to shareholders.

The revised Strategic Roadmap can be best summarised as:

- Zero injuries and environmental incidents from the Company's Tanami operations;
- The continued optimisation and potential expansion of the Western Tanami Operations;
- Completion of Stage One of the Central Tanami Resource-Reserve conversion drill program and finalisation of the Central Tanami Feasibility Study which is targeting recommencement of gold production from the Central Tanami Gold Project by the end of 2011. The combined Western and Central annualised corporate objective has been set at 150,000-200,000 ounces per annum from the end of 2011; and
- The identification of potential corporate opportunities that would complement the Company's existing assets and expertise and add to its production profile.

Operations – Western Tanami Operations

The 100%-owned Western Tanami Operations are located approximately 300 kilometres south-east of Halls Creek in northern Western Australia and 30 kilometres west of the Western Australia-Northern Territory border. The newly acquired Central Tanami Gold Project is approximately 90 kilometres east of the Western Tanami Operations which currently comprises two mining centres feeding the centrally located 250,000 tonnes per annum Western Tanami treatment facility.

The Western Tanami Operations achieved record gold production of 47,960 ounces for the 2009-10 financial year (a 106% increase on production from 23,320 ounces for the 2008-09 financial year).

This was achieved from the treatment of 227,610 tonnes of ore at an average head grade of 6.8g/t Au with an average cash operating cost of A$697 per ounce for the 2010 financial year.

Ore is sourced from:

- *The **Coyote underground mine** which supplies approximately 60% of the ore feed to the adjacent Western Tanami treatment facility;and*
- *The **Bald Hill satellite open pit mining operation** is located 35 kilometres to the north of the treatment facility and supplies the remainder of the ore.*

Over the past twelve months, a number of operational improvements at the Coyote Mine have led to the significant increase in gold production, a decrease in operating costs and a steady underground development program.

Throughout the year, underground mill feed was sourced from the Gonzales Lode and more recently the high-grade South Zone. Mining has recently commenced in the high-grade Bommie Zone and will be extended to adjacent lodes including the North Zone.

At Bald Hill, an internal feasibility study to review the expansion of open pit mining operations is nearing completion with mining operations expected to resume towards the end of 2010.

With annualised production around 50,000 ounces achieved at the Western Tanami Operations, the focus is now moving to the potential for a substantial uplift in production through an expansion of the Western Tanami treatment plant. A decision to expand the treatment capacity will depend on the outcome of the Bald Hill expansion study.

Major diamond drilling campaigns are continuing within the Western Tanami Project targeting additions to the current JORC compliant Mineral Resource inventory. Key opportunities in this regard include:

- *Further depth extensions of the Coyote underground mine;*
- *Potential depth extensions of the Sandpiper open pit at the Bald Hill mining centre, where recent drilling has returned high-grade results confirming that the mineralisation extends over 400m down-plunge from the base of the open pit;*
- *The new Hutch's Find discovery, located approximately 15km south-west of the Western Tanami treatment facility;*
- *The Road Runner prospect, located 7km south of the Western Tanami treatment facility, where work is underway on an initial JORC resource estimate and mine planning for a possible open pit; and*

5. Operating and Financial Review (continued)

- *The Lyrebird prospect, located 3km north-west of Sandpiper, as well as other regional prospects such as Cuckoo and Tern.*

Operations - Central Tanami Project

The 100%-owned Central Tanami Gold Project is located in the Northern Territory and is approximately 90 kilometres east of the Western Tanami operations. The project was acquired by Tanami Gold NL in March 2010 from Newmont Mining Corporation for A$22 million.

This acquisition is seen as a company-transforming deal for Tanami Gold NL, as it is a strong complementary asset to the Company's existing Western Tanami Operations and together they have the potential to lift the Company into the ranks of leading mid-tier gold producers.

Together these two operational centres, combined with the Company's extensive exploration tenements in Western Australia and Northern Territory, form a package of highly prospective tenements that lie adjacent to the world-class Callie and The Granites operations in central Australia.

The Central Tanami tenement package included five Mineral Leases containing 43 open pits ranging in depth from 40 metres to 120 metres including the large Groundrush open pit which was mined from 2001 to 2005 and produced in excess of 600,000 ounces of gold at an average grade of 4.3g/t, and the Hurricane-Repulse open pit, which produced in excess of 250,000 ounces.

In all, between 1987 and 2005, approximately 2.1 million ounces was mined from the Central Tanami Gold Project area from open pit mining. When combined with the +10 million ounce endowment of Newmont's Callie-Granites production centre – which occurs within a geologically similar host sequence – the region is one of the most productive gold mining centres in Australia.

The initial exploration results highlight the huge potential of the Central Tanami Gold Project to emerge as a major new production centre for the Company and also the region. Over the next 3-9 months, the objective is to complete Stage One of the Central Tanami Resource-Reserve conversion drill program and finalise the Central Tanami Feasibility Study with the aim to recommence gold production from the Central Tanami Gold Project by the end 2011.

Exploration

The Company resumed exploration activities at the Western Tanami Project in August 2009 after a 12 month hiatus whilst resources were focussed on commissioning the Coyote Underground mining operation.

An initial program of diamond core drilling was conducted at Coyote for the purpose of extending Resources, to follow up historical high grade intersections and to test conceptual targets within the mine sequence. Drilling was completed from several underground positions and was successful in delineating an additional 66,000 ounce Measured, Indicated and Inferred gold Resource through extensions to the Bommie and South Zone vein systems. Mining of both the South Zone and Bommie Lodes is in progress and drilling of additional targets in and around the mine operation will re-commence in the December 2010 Quarter.

Exploration work was also undertaken at several prospects in the Bald Hill area. The most significant of these programs was defining an additional 65,000 ounces of Indicated and Inferred Resources at the Sandpiper deposit from diamond core drilling down plunge from the current open pit mine. This deposit remains open down plunge and work is continuing to increase the Resource further.

Reconnaissance aircore drilling resumed in early 2010 and continues across the project area testing numerous prospective sequences and structures. Early results are encouraging and follow up drilling will be undertaken at several prospects.

Resource definition drilling commenced at the Central Tanami Gold Project during May 2010. Through systematic reverse circulation and diamond core drilling the Company is testing for lateral and depth extensions to the gold Resources at high priority targets in close proximity to the 1.2Mtpa treatment plant. The drilling is initially focussed on open pit resource extensions and will progress to testing deeper underground targets as further knowledge of the deposits is gained.

Corporate

The Company has completed a number of significant corporate activities over the past year, including:

Strategic Exploration Alliance with ABM Resources NL

On 21 December 2009 the Company announced that it had finalised its strategic exploration alliance with ABM Resources NL (ABM) to explore for gold, copper and other minerals in the highly prospective Tanami-Arunta province in the Northern Territory of Australia. The alliance involved Tanami Gold NL transferring its Northern Territory tenements to ABM and will involve ABM initially spending a minimum of $10 million on the tenements over a two year period subject to access conditions.

In consideration for the transfer of Tanami Gold NL's Northern Territory tenements to ABM, the Company received:

- 1.5 million dollars cash;
- 265 million fully paid ordinary shares in ABM at no consideration. Such shares are subject to a 12 month voluntary escrow period;
- 150 million unlisted options with an exercise price of 1.5 cents and an expiry date of 5 years. The exercise of the options is conditional upon ABM's shares trading at or above a minimum Volume Weighted Average Price (VWAP) of 3 cents over 20 consecutive ASX trading days. This condition has been satisfied;
- 150 million unlisted options with an exercise price of 1.5 cents and an expiry date of 5 years. The exercise of the options is conditional upon ABM's shares trading at or above a minimum VWAP of 3.5 cents over 20 consecutive ASX trading days. This condition has been satisfied; and
- One seat on the ABM Board (if requested by the Company).

5. Operating and Financial Review (continued)

HKD Loan Facility with AP Finance Limited

The Company had the following two unsecured loan facilities with AP Finance Limited as at 30 June 2009:

- An unsecured loan facility for HK$14.5 million (drawn down to HK$13.4 million) as at 30 June 2009. This equated to an Australian dollar facility of approximately $2.30 million (drawn down to $2.13 million as at 30 June 2009); and

- An unsecured loan facility for HK$35 million (drawn down to HK$25.1 million) as at 30 June 2009. This equated to an Australian dollar facility of approximately $5.57 million (drawn down to $3.99 million as at 30 June 2009).

Both of these loans had an interest rate of 15% per annum and were due for repayment on 30 September 2009. On 18 September 2009 (and prior to the expiry of these two unsecured loan facilities), the Company entered into a new loan agreement with AP Finance Limited.

Under the terms of the new agreement, the two existing loan facilities were rolled into a single new (and increased) loan facility with the following key provisions:

- AP Finance Limited agreed to lend the Company up to HK$75 million (approximately A$11.3 million as at 30 June 2010) at an interest rate of 12% per annum; and

- The Loan had to be repaid in full by 31 December 2010.

The ultimate holding company of AP Finance Limited is Allied Group Limited, an entity associated with Mr Lee Seng Hui who is a Director of the Company.

This loan was repaid in full on 23 August 2010 (refer to Section 9 of this report below).

AUD Loan Facility with AP Finance Limited

On 24 March 2010, the Company entered into a loan agreement with AP Finance Limited for an unsecured cash advance facility to:

- Fund the acquisition of the Central Tanami Gold Project from Newmont Mining Corporation;

- Fund associated cash backed bank guarantees required for the Central Tanami Gold Project associated with rehabilitation obligations; and

- To provide additional working capital.

Key provisions of this loan agreement included:

- AP Finance Limited agreed to lend the Company up to $37 million at an interest rate of12% per annum; and

- The Loan had to be repaid in full by 27 September 2010.

This loan was repaid in full on 23 August 2010 (refer to Section 9 of this report below).

AUD Loan Facility with Eurogold Limited

On 25 March 2010, the Company entered into a loan agreement with Eurogold Limited for the provision of a $5 million loan primarily to fund its participation (up to a maximum of $4.3 million) in the $20 million ABM share placement announced to the market on 22 February 2010.

The Company provided Eurogold Limited with security for this loan, being its shareholding in ABM at the date the loan was entered into and its allotment of shares resulting from the ABM share placement announced to the market in February 2010.

Key provisions of this loan agreement included:

- The loan agreement had an interest rate of 8% per annum; and

- The loan had to be repaid in full by 27 September 2010.

This loan was repaid in full on 23 August 2010 (refer to Section 9 of this report below).

Acquisition of the Central Tanami Gold Project

On 31 March 2010, the Company announced that it had completed the acquisition of the Central Tanami Gold Project (formerly known as the Groundrush Gold Project) from Newmont Mining Corporation for $22 million. The acquisition included:

- A significant JORC Code compliant Resource base;

- The 1.2 million tonnes per annum Central Tanami treatment plant and extensive support infrastructure including offices, workshops, airstrip, 140-person accommodation village, borefield and communication facilities;

- A world-class 2,000 square kilometre exploration package comprising 21 Mineral Leases and 16 Exploration Licences; and

- 2.1 million ounces historic production endowment within the Central Tanami Gold Project Mining Lease area.

5. Operating and Financial Review (continued)

Financial Result

The Consolidated Entity recorded a profit of $353,667 (2009: Loss $21,029,451) for the year.

Growth Strategy

The Company's growth strategy is to:

- Expand the Western Tanami Operations up to 65,000 ounces per annum through an increase in throughput capacity at the Coyote Gold Project;
- Complete Stage 1 of the Resources-to-Reserves drill program at the Central Tanami Gold Project;
- Complete the Feasibility Study for the Central Tanami Gold Project;
- Target first gold from the Central Tanami Gold Project (based on the outcome of the Stage 1 drill program and the Feasibility Study) by the end of 2011; and
- Identify potential corporate opportunities that compliment the Company's existing assets and expertise and increase its production profile.

Conclusion

Given the strong performance from Western Tanami, the Company recorded a small profit for the year of $353,667 which is a significant turnaround from the $21.0 million loss for the 2009 financial year.

In summary, the past twelve months has been a defining period for the Company, with a number of key events completed, including the acquisition of the Central Tanami Gold Project. The next twelve months will see exploration drilling at Western and Central Tanami continue at unprecedented levels of expenditure whilst operations will continue its strong focus on consistent production. The completion of a feasibility study to expand the treatment capacity at the Western Tanami treatment plant is expected to be completed shortly which will allow higher levels of open pit material to be treated.

Given recent events and the continued success of the Company's Strategic Roadmap, the Company is well positioned to become Australia's next leading mid-tier gold miner.

6. Environmental Regulation

The Consolidated Entity's operations are subject to environmental regulations under Commonwealth and State legislation. The Directors believe that the Consolidated Entity has adequate systems in place for the management of the requirements under those regulations, and are not aware of any breach of such requirements as they apply to the Consolidated Entity.

7. Significant Changes in the State of Affairs

As set out in section 5 above, significant changes in the state of affairs of the Consolidated Entity during the financial year were:

- Strategic Exploration Alliance with ABM;
- HKD Loan Facility with AP Finance Limited;
- AUD Loan Facility with AP Finance Limited;
- AUD Loan Facility with Eurogold Limited; and
- Acquisition of the Central Tanami Gold Project.

Refer to section 5 of this report for details of the key terms and provisions associated with each of these transactions.

8. Dividends

The Directors have not recommended the declaration of a dividend. No dividends were paid or declared during the period.

9. Events Subsequent to Reporting Date

Fully Underwritten Pro-Rata Renounceable Entitlements Issue

On 15 July 2010, the Company announced a 6-for-5 pro-rata renounceable entitlements issue at 1.5 cents per share to raise approximately $63.7 million before issue costs.

The entitlements issue was fully underwritten by the Company's major shareholder Allied Properties Resources Limited who received an underwriting fee of $3,003,139 (being 6% of the net of the underwritten amount of $63,691,021 less the underwriters entitlement of $13,638,706) based on the underwriters direct shareholding in the Company prior to the commencement of the entitlements issue.

The proceeds of the issue were used to retire the Company's debt with AP Finance Limited and Eurogold Limited and will be used to accelerate exploration at the Central Tanami Gold Project.

On 17 August 2010, the Company announced the successful completion of the entitlements issue.

9. Events Subsequent to Reporting Date (continued)

Consolidation of Capital

On 15 July 2010, the Company announced that it would seek shareholder approval to undertake a 1-for-30 consolidation of the Company's capital. A General Meeting of the Company's shareholders was held on 20 August 2010 and the resolution for the consolidation of capital was passed. Following the consolidation, the Company has 260,947,676 shares on issue.

Repayment of Loans: $37 Million Loan Facility with AP Finance Limited

On 23 August 2010, the Company repaid all amounts owing (including accrued interest and borrowing costs) under its $37 million loan with AP Finance Limited.

The Company, AP Finance Limited and Allied Properties Resources Limited entered into a Settlement and Offset Deed on 14 July 2010 to allow the underwriters entitlement and shortfall allocation under the entitlements issue to be offset against the amounts owing by the Company to AP Finance Limited under the Company's loan agreement with AP Finance Limited.

Allowing for this offset, the Company extinguished this loan with a repayment of approximately $24.9 million on 23 August 2010.

Repayment of Loans: HK$75 Million Loan Facility with AP Finance Limited

On 23 August 2010, the Company repaid all amounts owing (including accrued interest and borrowing costs) under its HK$75 million loan with AP Finance Limited.

The Company extinguished this loan with a repayment of approximately $10.9 million on 23 August 2010.

Repayment of Loans: $5 Million Loan Facility with Eurogold Limited

On 23 August 2010, the Company repaid all amounts owing (including accrued interest and borrowing costs) under its $5 million loan with Eurogold Limited.

The Company and Eurogold Limited agreed to allow Eurogold Limited's entitlement under the entitlements issue to be offset against the amounts owing by the Company to Eurogold Limited under the Company's loan agreement with Eurogold Limited.

Allowing for this offset, the Company extinguished this loan with a repayment of approximately $2.7 million on 23 August 2010.

10. Likely Developments

The Company will continue to develop, operate and progress the expansion of the Coyote Gold Project and has committed to undertaking a comprehensive underground and surface exploration program on its Western Australian tenements and a surface drill program on its Central Tanami Gold Project tenements located in the Northern Territory.

11. Directors' Interests

The relevant interest of each Director in shares and options of the Company, as notified by the Directors to the ASX in accordance with section S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

Director	Relevant Interests of Directors in Securities of Tanami Gold NL	
	Fully Paid Shares	Unquoted Options
D Waddell	5,672,134	-
G Sloan	-	-
A Senior	66,705	116,668
SH Lee*	71,047,899	-

The relevant interests shown in the preceding table are on a post consolidation basis and therefore incorporate the 1-for-30 capital consolidation that was approved by a General Meeting of the Company's shareholders on 20 August 2010.

* These shares are held by Allied Properties Resources Limited and its associate Eurogold Limited. Eurogold Limited is 49.37% indirectly owned by Allied Properties (HK) Limited, which is an intermediate holding listed company of Allied Properties Resources Limited. The ultimate holding company of Allied Properties Resources Limited is Allied Group Limited, a company in which Mr. Lee Seng Hui (together with other trustees of Lee and Lee Trust) has an interest of 52.62%. Accordingly, Mr. Lee Seng Hui is taken to have a relevant interest in the 71,047,899 shares held by Allied Properties Resources Limited and Eurogold Limited.

12. Share Options

Options granted to Directors of the Company

During or since the end of the financial year, no options were granted to the Directors of the Company.

Options granted to Executive Officers of the Company

During or since the end of the financial year, no options were granted to the Executive Officers of the Company.

12. Share Options (continued)

Unissued shares under option

At the date of this report the unissued ordinary shares in Tanami Gold NL under option are:

Number	Type	Exercise Price ($)	Expiry Date
31,667	Unquoted	$4.50	31 March 2012
58,334	Unquoted	$6.00	22 November 2012
58,334	Unquoted	$4.50	22 November 2012
50,000	Unquoted	$0.39	28 February 2014
198,335			

The unissued ordinary shares shown in the preceding table are on a post consolidation basis and therefore incorporate the 1-for-30 capital consolidation that was approved by a General Meeting of the Company's shareholders on 20 August 2010.

During the year, the following options lapsed unexercised.

Exercise Price ($)	Number of Options	Grant Date	Expiry Date
$6.75	500,000	20 October 2004	20 October 2009
$6.75	15,000	22 November 2004	22 November 2009
$5.40	30,000	1 December 2005	22 November 2009
	545,000		

The lapsed options shown in the preceding table are on a post consolidation basis and therefore incorporate the 1-for-30 capital consolidation that was approved by a General Meeting of the Company's shareholders on 20 August 2010.

During the year, the following options were forfeited on cessation of employment.

Exercise Price ($)	Number of Options	Grant Date	Expiry Date
$4.50	6,667	30 April 2007	31 March 2012

The forfeited options shown in the preceding table are on a post consolidation basis and therefore incorporate the 1-for-30 capital consolidation that was approved by a General Meeting of the Company's shareholders on 20 August 2010.

Share options issued

During or since the end of the financial year, there were no options issued.

Shares issued on exercise of options

No ordinary shares were issued by the Company as a result of the exercise of options during the financial year. Since the end of the financial year, the following shares were issued by the Company as a result of the exercise of options.

Exercise Price ($)	Number of Options	Grant Date	Expiry Date
$0.39	683,334	3 March 2009	28 February 2014

The shares issued on exercise of options since the end of the financial year shown in the preceding table are on a post consolidation basis and therefore incorporate the 1-for-30 capital consolidation that was approved by a General Meeting of the Company's shareholders on 20 August 2010.

13. Remuneration Report – audited

13.1 Principles of compensation

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and the Consolidated Entity, including directors of the Company and other executives. Key management personnel comprise the directors of the Company and executives for the Company and the Consolidated Entity including the five most highly remunerated Company and Consolidated Entity executives.

Compensation levels for key management personnel of the Company, and relevant key management personnel of the Consolidated Entity are competitively set to attract and retain appropriately qualified and experienced directors and executives. The Remuneration and Nomination Committee obtains independent advice on the appropriateness of compensation packages of both the Company and the Consolidated Entity, which take into consideration trends in comparative companies both locally and internationally.

The compensation structures are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and to achieve the broader outcome of creation of value for shareholders. Compensation packages include a mix of fixed compensation and equity-based compensation as well as employer contributions to superannuation funds.

Shares and options may only be issued to directors subject to approval by shareholders in general meeting.

The Board has no established retirement or redundancy schemes.

13. Remuneration Report (continued)

13.1.1 Fixed compensation

Fixed compensation consists of base compensation (which is calculated on a total cost basis and includes any FBT charges related to employee benefits), as well as employer contributions to superannuation funds.

Compensation levels are reviewed annually by the Remuneration and Nomination Committee through a process that considers individual and overall performance of the Group. In addition, external consultants provide analysis and advice to ensure the directors' and senior executives' compensation is competitive in the market place. A senior executive's compensation is also reviewed on promotion.

13.1.2 Performance-linked compensation (Short-term incentive bonus)

The Company has not paid any performance linked short-term incentives (STI) to key management personnel during the financial year ended 30 June 2010.

13.1.3 Equity-based compensation (Long-term incentive bonus)

The Remuneration and Nomination Committee has introduced equity-based long-term incentives (LTIs) to promote continuity of employment and to provide additional incentive to increase shareholder wealth. LTIs are provided as options over ordinary shares of the Company and are provided to key management personnel and employees based on their level of seniority and position within the Company and are exercisable on various dates.

If the option holder ceases to be a director and/or employee of the Company during the vesting period for any reason, the options will expire six months after cessation and cease to carry any rights or benefits unless otherwise approved by the Remuneration and Nomination Committee.

There are no voting or dividend rights attached to the options. Voting rights will be attached to the ordinary issued shares when the options have been exercised.

The Company has put in place an Employee Option Plan. Options may only be issued to Directors subject to approval by shareholders in general meeting.

The Group does not have a policy that prohibits those that are granted share-based payments as part of their remuneration from entering into other arrangements that limit their exposure to losses that would result from share price decreases.

13.1.4 Consequences of performance on shareholder wealth

The Company continues to focus on enhancing shareholder wealth through the development of a significant production profile and an ongoing commitment to exploration aimed at increasing the Company's resource inventory at its Western Tanami Operations and more recently at its Central Tanami Gold Project. To assist shareholders in assessing the Consolidated Entity's performance and benefits for shareholders wealth, the Company reports the following data for the current financial year and the previous four financial years:

	2010	2009	2008	2007	2006
Profit/(Loss) attributable to owners of the company	353,667	(21,029,451)	(32,585,921)	(56,309,031)	(4,438,094)
Dividends paid	-	-	-	-	-
Share price as at 30 June	$0.041	$0.028	$0.066	$0.14	$0.27

13. Remuneration Report (continued)

13.1.5 Service contracts

Compensation and other terms of employment for directors and key management personnel are formalised in contracts of employment. The major provisions of the agreements relating to compensation are set out below.

Mr Graeme Sloan – Managing Director/CEO

Mr Sloan has a contract of employment with the Company dated 18 September 2008. The contract specifies the duties and obligations to be fulfilled by the Managing Director/CEO. The contract may be terminated by Mr Sloan on the provision of 3 months notice, which, based on current remuneration rates, would amount to a termination payment of $109,000 (2009: $109,000). Alternatively, under the contract a termination notice period of 6 months is required from the Company, which, based on current remuneration rates would amount to a termination payment of $218,000 (2009: $218,000).

Mr Rob Henderson – Geology Manager

Mr Henderson has a contract of employment with the Company dated 1 October 2009. The contract specifies the duties and obligations to be fulfilled by the Geology Manager. The contract may be terminated by either party by the provision of three months notice, which, based on current remuneration rates, would amount to a termination payment of $56,408.

Mr Jon Latto – Chief Financial Officer

Mr Latto has a contract of employment with the Company dated 14 September 2007. The contract specifies the duties and obligations to be fulfilled by the Chief Financial Officer. The contract may be terminated by either party by the provision of three months notice, which, based on current remuneration rates, would amount to a termination payment of $59,950 (2009: $52,500).

Mr Rob Walker – General Manager Operations

Mr Walker has a contract of employment with the Company dated 22 October 2008. The contract specifies the duties and obligations to be fulfilled by the General Manager Operations. The contract may be terminated by either party by the provision of three months notice, which, based on current remuneration rates, would amount to a termination payment of $84,475 (2009: $84,475).

Mr Tim Smith – Geology Manager

Mr Smith had a contract of employment with the Company dated 24 June 2003 as Exploration Manager. Mr Smith was promoted to Geology Manager on 17 June 2008 and the contract specified the duties and obligations to be fulfilled by the Geology Manager. The contract could be terminated by either party by the provision of one months notice. Mr Smith resigned on 14 September 2009.

13.2 Non-executive directors

Non-executive directors do not receive performance related compensation. Directors' fees cover all main board activities and membership of any committee. The Board has no established retirement or redundancy schemes in relation to non-executive directors.

13. Remuneration Report (continued)

13.2 Directors' and executive officers' remuneration

Details of the nature and amounts of each major element of the remuneration of each director of the Company and each of the named officers of the Company and the Consolidated Entity receiving the highest remuneration are:

		Short Term					Post Employment	Share Based Payments			
		Salary & Fees	Accrued Remuneration	Payment of Accrued Annual Leave & Long Service Leave	STI Cash Bonuses	Non Monetary Benefits	Super-annuation Benefits	Calculated Value of Options (Non Cash)	Total Remuneration	Proportion of Remuneration Performance Related %	Value of Options as a Proportion of Total Remuneration
Directors		$	$	$	$	$	$	$	$	%	%
D Waddell	2010	138,250	98,750	-	-	9,755	-	-	246,755	-	-
(Non-Executive Chairman)	2009	194,687	138,250	397,896	-	9,658	53,333	-	793,824	-	-
G Sloan	2010	400,000	-	-	-	77,357	36,000	-	513,357	-	-
(Managing Director/CEO)	2009	333,333	-	-	-	39,954	30,000	-	403,287	-	-
A Senior	2010	55,000	-	-	-	-	4,950	8,654	68,604	12.61%	12.61%
(Non-Executive Director)	2009	55,000	-	-	-	-	4,950	80,671	140,621	57.37%	57.37%
SH Lee	2010	-	-	-	-	-	-	-	-	-	-
(Non-Executive Director)	2009	-	-	-	-	-	-	-	-	-	-
Former Directors											
F Sibbel	2010	-	-	-	-	-	-	-	-	-	-
(Operations Director)	2009	8,712	-	-	-	-	505	4,479	13,696	32.70%	32.70%
Total all specified Directors	**2010**	**593,250**	**98,750**	**-**	**-**	**87,112**	**40,950**	**8,654**	**828,716**		
	2009	**591,732**	**138,250**	**397,896**	**-**	**49,612**	**88,788**	**85,150**	**1,351,428**		
Executives											
R Henderson (i)	2010	155,015	-	-	-	3,327	13,951	-	172,293	-	-
(Geology Manager)	2009	-	-	-	-	-	-	-	-	-	-
J Latto	2010	208,518	-	-	-	4,771	18,766	14,649	246,704	5.94%	5.94%
(Chief Financial Officer)	2009	192,661	-	-	-	3,583	17,340	13,149	226,733	5.80%	5.80%
R Walker	2010	310,000	-	-	-	4,072	27,900	127,258	469,230	27.12%	27.12%
(General Manager Operations)	2009	215,277	-	-	-	-	19,375	54,539	289,191	18.86%	18.86%
Former Executives											
M Casey (ii)	2010	-	-	-	-	-	-	-	-	-	-
(Resident Manager)	2009	-	-	-	-	-	-	3,165	3,165	100.00%	100.00%
G Cheong (iii)	2010	-	-	-	-	-	-	12,726	12,726	100.00%	100.00%
(Resident Manager)	2009	287,036	-	-	-	61	22,025	12,777	321,899	3.97%	3.97%
T Smith (iv)	2010	117,156	-	-	-	1,106	3,844	12,726	134,832	9.44%	9.44%
(Geology Manager)	2009	205,000	-	-	-	3,152	18,450	13,194	239,796	5.50%	5.50%
Total all named Executives	**2010**	**790,689**	**-**	**-**	**-**	**13,277**	**64,461**	**167,359**	**1,035,785**		
	2009	**899,974**	**-**	**-**	**-**	**6,796**	**77,190**	**96,824**	**1,080,784**		
Total all specified Directors	**2010**	**1,383,939**	**98,750**	**-**	**-**	**100,388**	**105,411**	**176,013**	**1,864,501**		
and Executives	**2009**	**1,491,706**	**138,250**	**397,896**	**-**	**56,408**	**165,978**	**181,974**	**2,432,212**		

(i) **Appointed September 2009**
(ii) **Appointed August 2006. Resigned March 2008**
(iii) **Appointed December 2006. Resigned May 2009**
(iv) **Appointed July 2003. Resigned September 2009**

13. Remuneration Report (continued)

13.3 Equity instruments

13.3.1 Options over equity instruments granted as compensation

There were no options granted as compensation to key management personnel during the reporting period.

Details on options that vested during the reporting period are as follows:

	Balance 1 July 2009	Granted as Remuneration	Options Exercised	Options Forfeited	Options Expired	Balance 30 June 2010	Vested 30 June 2010	Vested and exercisable 30 June 2010	Vested and unexercisable 30 June 2010
Directors									
Mr D Waddell	15,000,000	-	-	-	(15,000,000)	-	-	-	-
Mr G Sloan	-	-	-	-	-	-	-	-	-
Mr A Senior	3,500,000	-	-	-	-	3,500,000	3,500,000	3,500,000	-
Mr SH Lee	-	-	-	-	-	-	-	-	-
Company Executives									
Mr J Latto	1,300,000	-	-	-	-	1,300,000	963,014	800,000	163,014
Mr R Walker	10,000,000	-	-	-	-	10,000,000	6,630,137	5,000,000	1,630,137
Mr T Smith	1,750,000	-	-	-	-	1,750,000	913,014	750,000	163,014

13.3.2 Modifications of terms of equity-settled share-based payment transactions

No terms of equity-settled share-based payment transactions (including options and rights granted as compensation to a key management person) have been altered or modified by the issuing entity during the reporting period or the prior period.

13.3.3 Exercise of options granted as compensation

No options over ordinary shares previously granted as compensation were exercised by a named officer during the reporting period or the prior period.

13.4 Equity instruments

13.4.1 Analysis of options and rights over equity instruments granted as compensation

Details of the vesting profile of the options granted as remuneration to each director of the Company and each of the named Company executives and relevant Consolidated Entity executives are detailed below.

	Options Granted		% Vested in year	% Forfeited in year	Year in which grant vests	Value yet to vest ($)
	Number	Date				
Directors						
Mr D Waddell	-	-	-	-	-	-
Mr G Sloan	-	-	-	-	-	-
Mr A Senior	1,750,000	23 Nov 2007	20%	-	2009	-
Mr A Senior	1,750,000	23 Nov 2007	-	-	-	-
Mr SH Lee	-	-	-	-	-	-
Company Executives						
Mr J Latto	300,000	5 Oct 2007	12%	-	2009	-
Mr J Latto	500,000	3 Mar 2009	67%	-	2010	-
Mr J Latto	500,000	3 Mar 2009	50%	-	2011	3,636
Mr R Walker	5,000,000	3 Mar 2009	67%	-	2010	-
Mr R Walker	5,000,000	3 Mar 2009	50%	-	2011	36,359
Mr T Smith	500,000	3 Mar 2009	67%	-	2010	-
Mr T Smith	500,000	3 Mar 2009	50%	-	2011	3,636
Mr G Cheong	200,000	30 Apr 2007	-	100%	2009	-
Mr G Cheong	500,000	3 Mar 2009	67%	-	2010	-
Mr G Cheong	500,000	3 Mar 2009	50%	-	2011	3,636

200,000 options held by Mr G Cheong were forfeited six months after cessation of employment.

13.4.2 Analysis of movements in options and rights

There were no options exercised, 16,350,000 options lapsed unexercised and 200,000 options were forfeited on cessation of employment during the reporting period.

14. Non-Audit Services

During the year KPMG, the Consolidated Entity's auditor, has performed certain other services in addition to their statutory duties.

The Board has established certain procedures to ensure that the provision of non-audit services are compatible with, and do not compromise, the auditor independence requirements of the Corporations Act 2001. These procedures include:

a. Non-audit services will be subject to the corporate governance procedures adopted by the Company and will be reviewed by the Audit Committee to ensure they do not impact the integrity and objectivity of the auditor.

b. Ensuring non-audit services do not involve the auditors reviewing or auditing their own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid or payable to the auditor of the Company, KPMG, and its related practices for audit and non-audit services provided during the year are set out below.

	Consolidated	
	2010 $	**2009 $**
Audit services:		
Auditors of the Company:		
Audit and review of financial reports	132,000	99,500
Services other than statutory audit		
Financial model integrity checking	16,000	-

15. Indemnification and Insurance of Officers

Indemnification

The Company has agreed to indemnify both the current directors of the Company and former directors against liability incurred to a third party (not being the Company or any related company) that may arise from their positions as directors of the Company and its controlled entities, unless the liability arises out of conduct involving a lack of good faith.

The Company has also agreed to cover the costs and expenses incurred in successfully defending civil or criminal proceedings, or in connection with a successful application for relief under the Corporations Act 2001. The Company also provides indemnity against costs and expenses in connection with an application where a court grants relief to a director under the Corporations Act 2001.

Insurance Premiums

Since the end of the 2009 financial year, the Company has paid insurance premiums in respect of directors' and officers' liability insurance, for the directors of the controlled entity. In accordance with subsection 300(9) of the Corporations Act 2001, further details have not been disclosed due to confidentiality provisions of the insurance contracts.

16. Lead Auditor's Independence Declaration Under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 16 and forms part of the directors' report for the financial year ended 30 June 2010.

Dated at Perth, Western Australia this 30th day of September 2010.

Signed in accordance with a resolution of the Directors.

G J Sloan
Managing Director/CEO

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Tanami Gold NL

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2010 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Trevor Hart
Partner

Perth

30 September 2010

The Board of Directors of Tanami Gold NL is responsible for the corporate governance of the economic entity. The Board guides and monitors the business and affairs of Tanami Gold NL on behalf of the shareholders by whom they are elected and to whom they are accountable.

To ensure that the Board is well equipped to discharge its responsibilities, it has established guidelines for the nomination and selection of directors and for the operation of the Board.

COMPOSITION OF THE BOARD

The composition of the Board is determined in accordance with the following principles and guidelines:

- The Board should comprise at least three directors a majority of whom should be non-executive directors;
- The Board should comprise directors with an appropriate range of qualifications and expertise; and
- The Board should meet at regular intervals and follow meeting guidelines set down to ensure all directors are made aware and have available all necessary information to participate in an informed discussion of all agenda items.

When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the service of a new director with particular skills, the Board selects a candidate or panel of candidates with the appropriate expertise.

The Board then appoints the most suitable candidate, who must stand for election at the next general meeting of shareholders.

REMUNERATION

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. The expected outcomes of the remuneration structure are:

- Retention and motivation of key executives;
- Attraction of quality management to the Company; and
- Performance incentives which allow executives to share the rewards of the success of Tanami Gold NL.

For details on the amount of remuneration and all monetary and non-monetary components for all directors, refer to the Directors' Report. In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the Board, having regard to the overall performance of Tanami Gold NL and the performance of the individual during the period.

There is no scheme to provide retirement benefits, other than statutory superannuation, to directors.

A Remuneration Committee was established on 1 July 2005. Remuneration levels are set by the Committee in accordance with industry standards to attract suitably qualified and experienced Directors and senior executives. The Committee now comprises Alan Senior and Denis Waddell.

AUDIT COMMITTEE

The Company has an Audit Committee comprising Alan Senior (Chairman), and Denis Waddell. Both members have the relevant financial and industry experience required to perform Audit Committee functions. Details regarding the relevant qualifications and experience of each Director who is a member of the Audit Committee is set out in the Directors' Report.

The appointment of the external auditor is the responsibility of the Audit Committee and the performance of the external auditor is assessed annually. Rotation of the external audit engagement partner is undertaken in line with the requirements of the Corporations Act 2001 and is managed by the external auditor.

BOARD RESPONSIBILITIES

As the Board acts on behalf of and is accountable to the shareholders, it seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. The Board seeks to discharge these responsibilities in a number of ways.

The responsibility for the operation of the Consolidated Entity is delegated by the Board to the Managing Director/CEO. The responsibility for the administration of the Consolidated Entity is delegated by the Board to the Company Secretary/Chief Financial Officer. The Board ensures that the Managing Director/CEO and Company Secretary/Chief Financial Officer are appropriately qualified and experienced to discharge their responsibilities, and have in place procedures to assess the performances of the Company's officers, employees, contractors and consultants.

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. It has a number of mechanisms in place to ensure this is achieved, including the following:

- Regular review by the Board of the Company's growth strategies which are designed to meet shareholder needs and manage business risk;
- Implementation of operating plans and budgets by management and Board monitoring of progress against budget; and
- Procedures to allow Directors, in the furtherance of their duties, to seek independent professional advice at the Company's expense.

MONITORING OF THE BOARD'S PERFORMANCE

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all Directors is reviewed annually by the Chairman. This process took place during the year ended 30 June 2010. Directors whose performance is unsatisfactory are asked to retire.

MONITORING THE PERFORMANCE OF SENIOR EXECUTIVES

The Company undertakes a formal review of the performance of each of its senior executives at least annually and this process took place during the year ended 30 June 2010.

BEST PRACTICE RECOMMENDATION

Outlined below are the 8 Principles of Good Corporate Governance and Best Practice Recommendations as outlined by the ASX and the Corporate Governance Council. The Company has complied with the Corporate Governance Best Practice Recommendations except as identified below. Details about the Company's corporate governance policies are set out on the Company's website at www.tanami.com.au.

Principles of Good Corporate Governance and Best Practice Recommendations	Action taken and reasons if not adopted
Establish and disclose the respective roles and responsibilities of board and management.	
Principle 1: Lay solid foundation for management and oversight 1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions. 1.2 Companies should disclose the process for evaluating the performance of senior executives. 1.3 Companies should provide the information indicated in the Guide to reporting on Principle 1.	Adopted
Have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.	
Principle 2: Structure the Board to add value 2.1 A majority of the board should be independent directors. 2.2 The chair should be an independent director. 2.3 The roles of chair and chief executive officer should not be exercised by the same individual. 2.4 The board should establish a nomination committee. 2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors. 2.6 Companies should provide the information indicated in the Guide to reporting on Principle 2.	Adopted except as follows: 2.1 The Board considers that its current structure is appropriate given its size and that the current directors provide the necessary diversity of skills and experience which is appropriate for the company's projects and business. - Mr DP Waddell was employed within the last three years as Executive Chairman and is therefore not independent. -Mr GJ Sloan is Managing Director/CEO and is therefore not independent. -Mr SH Lee is a substantial shareholder of a company holding more than five percent of the Company's voting stock and is therefore not independent. 2.2 Mr DP Waddell was employed within the last three years as Executive Chairman and is therefore not independent.
Actively promote ethical and responsible decision-making.	
Principle 3: Promote ethical and responsible decision-making 3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the company's integrity • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 3.2 Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy. 3.3 Companies should provide the information indicated in the Guide to reporting on Principle 3.	Adopted
Have a structure in place to independently verify and safeguard the integrity of the Company's financial reporting.	
Principle 4: Safeguard integrity in financial reporting 4.1 The board should establish an audit committee. 4.2 The audit committee should be structured so that it: • consists only of non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the board • has at least three members. 4.3 The audit committee should have a formal charter. 4.4 Companies should provide the information indicated in the Guide to reporting on Principle 4.	Adopted except as follows: 4.2 The Company has an Audit Committee comprising Mr AA Senior (independent non-executive director and Chairman of the Audit Committee) and Mr DP Waddell (Non-Executive Director and Chairman of the Board). The Board considers that the current structure is appropriate given the size of the entity and the skills and experience that the current audit committee members bring to these meetings.
Promote timely and balanced disclosure of all material matters concerning the Company.	
Principle 5: Make timely and balanced disclosure	Adopted

Principles of Good Corporate Governance and Best Practice Recommendations	Action taken and reasons if not adopted
5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies. 5.2 Companies should provide the information indicated in the Guide to reporting on Principle 5.	
Respect the rights of shareholders and facilitate the effective exercise of those rights. Principle 6: Respect the rights of shareholders 6.1 Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy. 6.2 Companies should provide the information indicated in the Guide to reporting on Principle 6.	Adopted
Establish a sound system of risk oversight and management and internal control. Principle 7: Recognise and manage risk 7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies. 7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks. 7.3 The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. 7.4 Companies should provide the information indicated in the Guide to reporting on Principle 7.	Adopted.
Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear. Principle 8: Remunerate fairly and responsibly 8.1 The board should establish a remuneration committee. 8.2 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives. 8.3 Companies should provide the information indicated in the Guide to reporting on Principle 8.	Adopted except for: 8.1 A Remuneration and Nomination Committee was established on 1 July 2005. It currently comprises Mr AA Senior (independent non-executive director) and Mr DP Waddell (Non-Executive Director and Chairman of the Board). The board considers that the current structure is appropriate given the size of the company and the skills and experience that the remuneration and nomination committee members possess.

	Note	Consolidated 2010 $	2009 $
Revenue from operating activities	3	57,076,561	30,469,125
Mine costs (including depreciation and amortisation)	4	(55,922,165)	(45,609,074)
Profit on sale of assets	14	11,742,643	-
Other income	3	55,278	249,343
Exploration and evaluation expenses written off	4	(671)	(846,864)
Administration and corporate expenses		(3,948,763)	(4,026,875)
Results from operation activities		9,002,883	(19,764,345)
Financial income	6	292,990	272,939
Financial expenses	6	(5,903,676)	(1,396,432)
Foreign exchange loss		(63,218)	(141,613)
Net financing costs		(5,673,904)	(1,265,106)
Share of loss of equity accounted investees (net of income tax)		(2,975,312)	-
Profit/(loss) before tax		353,667	(21,029,451)
Income tax expense		-	-
Profit/(loss) for the period		353,667	(21,029,451)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the period		353,667	(21,029,451)
Earnings per share			
Basic earnings/(loss) per share		0.003 cents	(0.226 cents)
Diluted earnings/(loss) per share		0.003 cents	(0.226 cents)

The consolidated statement of comprehensive income is to be read in conjunction with the accompanying notes to the financial statements.

	Note	Consolidated 2010 $	Consolidated 2009 $
CURRENT ASSETS			
Cash and cash equivalents	9	6,728,829	1,157,195
Other receivables	10	1,228,515	836,855
Inventories	11	6,228,263	5,986,235
Total current assets		14,185,607	7,980,285
NON-CURRENT ASSETS			
Other receivables	10	10,594,867	2,346,415
Property, plant and equipment	12	23,378,524	21,223,271
Exploration and evaluation expenditure	13	29,201,662	3,992,169
Investment in associates	14	7,600,758	-
Derivatives	15	4,020,000	-
Total non-current assets		74,795,811	27,561,855
TOTAL ASSETS		88,981,418	35,542,140
CURRENT LIABILITIES			
Interest-bearing liabilities	16, 30	54,985,980	6,229,225
Trade and other payables	17	7,600,478	6,366,289
Provisions	18	889,056	718,915
Total current liabilities		63,475,514	13,314,429
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	16	250,981	-
Provisions	18	4,673,355	2,290,355
Total Non-Current Liabilities		4,924,336	2,290,355
TOTAL LIABILITIES		68,399,850	15,604,784
NET ASSETS		**20,581,568**	**19,937,356**
EQUITY			
Issued capital	19	183,469,346	183,469,346
Accumulated losses	20	(163,764,772)	(164,118,439)
Share based payment reserve		876,994	586,449
TOTAL EQUITY		**20,581,568**	**19,937,356**

The consolidated statement of financial position is to be read in conjunction with the accompanying notes to the financial statements.

Consolidated	Issued Capital $	Accumulated Losses $	Share Based Payment Reserve $	Total $
Balance at 1 July 2008	172,382,390	(143,088,988)	334,464	29,627,866
Total comprehensive income for the period				
(Loss)	-	(21,029,451)	-	(21,029,451)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	(21,029,451)	-	(21,029,451)
Transactions with owners, recorded direct to equity				
Contributions by and distributions to owners				
Share based payments transactions	-	-	251,985	251,985
Total contributions by and distributions to owners	-	-	251,985	251,985
Shares issued during the year	11,086,956	-	-	11,086,956
Total transactions with owners	11,086,956	-	251,985	11,338,941
Balance at 30 June 2009	183,469,346	(164,118,439)	586,449	19,937,356
Consolidated				
Balance at 1 July 2009	183,469,346	(164,118,439)	586,449	19,937,356
Total comprehensive income for the period				
Profit	-	353,667	-	353,667
Other comprehensive income	-	-	-	
Total comprehensive income for the period	-	353,667	-	353,667
Transactions with owners, recorded direct to equity				
Contributions by and distributions to owners	-	-	-	-
Share based payments transactions	-	-	290,545	290,545
Total contributions by and distributions to owners	-	-	290,545	290,545
Shares issued during the year	-	-	-	-
Total transactions with owners	-	-	290,545	290,545
Balance at 30 June 2010	183,469,346	(163,764,772)	876,994	20,581,568

The consolidated statements of changes in equity is to be read in conjunction with the accompanying notes to the financial statements.

	Note	Consolidated 2010 $	Consolidated 2009 $
Cash Flows from Operating Activities			
Cash receipts from customers		57,191,294	30,699,381
Cash payments in the course of operations		(44,706,616)	(32,544,674)
Cash payments for exploration expenditure		(3,972,433)	(2,826,017)
Cash payments for development expenditure		(10,986,531)	(7,985,017)
Cash payments for withholding tax		(163,683)	-
Interest received		246,587	334,591
Interest paid		(732,254)	(836,216)
Net cash used in operating activities	29(b)	**(3,123,634)**	**(13,157,952)**
Cash Flows from Investing Activities			
Payments for property, plant and equipment		(1,664,962)	(4,866,160)
Proceeds from sale of plant and equipment		-	1,000
Proceeds from sale of other assets		1,500,000	-
Payments for exploration security deposits		(8,793,739)	(25,000)
Proceeds from exploration security deposit refunds		551,483	35,150
Payments for the purchase of equity investments		(4,242,038)	-
Payments for the acquisition of the Central Tanami Gold Project		(23,074,148)	-
Net cash used in investing activities		**(35,723,407)**	**(4,855,010)**
Cash Flows from Financing Activities			
Net proceeds from issue of shares and options		-	11,086,956
Net proceeds from borrowings		44,521,132	5,596,742
Repayment of borrowings		(102,457)	(182,485)
Net cash provided by financing activities		**44,418,675**	**16,501,213**
Net increase/(decrease) in cash and cash equivalents held		5,571,634	(1,511,749)
Cash and cash equivalents at the beginning of the financial year		1,157,195	2,668,944
Cash and cash equivalents at the end of the financial year	29(a)	**6,728,829**	**1,157,195**

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes to the financial statements.

1. Significant Accounting Policies

a) Reporting Entity

Tanami Gold NL ("the Company") is a company domiciled in Australia. The address of the Company's registered office is Level 4, 50 Colin Street, West Perth, Western Australia 6005. The consolidated financial statements of the Company as at and for the year ended 30 June 2010 comprise the Company and its subsidiaries (together referred to as the "Consolidated Entity") and the Group's interest in jointly controlled entities. The Consolidated Entity primarily is involved in gold mining operations and mineral exploration.

b) Basis of Preparation

Statement of Compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian interpretations) adopted by the Australian Accounting Standard Board (AASB) and the *Corporations Act* 2001.

The consolidated financial statements of the Consolidated Entity comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were approved by the Board of Directors on 29 September 2010.

Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following:
- Derivative financial instruments are measured at fair value; and
- Financial instruments at fair value through profit or loss are measured at fair value.

Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the functional currency of the Consolidated Entity.

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgements made by management in the application of the Australian Accounting Standards that have significant effect on the financial report and estimates with a significant risk of material adjustment in the next year are discussed below.

Accounting estimates and judgements

Management discussed with the Audit Committee the development, selection and disclosure of the Consolidated Entity's critical accounting policies and estimates and the application of these policies, estimates and judgements. The estimates and judgements that may have a significant impact on the carrying amount of assets and liabilities are discussed below:

(i) Mine rehabilitation and site restoration provision

The Consolidated Entity assesses its mine rehabilitation and site restoration provision at each balance date in accordance with accounting policy 1(i). Significant judgement is required in determining the provision for mine rehabilitation and site restoration as there are many transactions and other factors that will affect the ultimate liability payable to rehabilitate and restore the mine sites and related assets. Factors that will affect this liability include future development, changes in technology, price increases and changes in interest rates. When these factors change or become known in the future, such differences will impact the site restoration provision and asset in the period in which they change or become known.

(ii) Units of production method of amortisation

The Consolidated Entity amortises mine properties in production on a units of production basis over economically recoverable ounces. These calculations require the use of estimates and assumptions. Significant judgement is required in assessing the available reserves and resources under this method. Factors that must be considered in determining reserves and resources are the complexity of metallurgy, product prices, foreign exchange rates, cost structures and future developments. When these factors change or become known in the future, such differences will impact amortisation expense and the carrying value of mine property assets.

(iii) *Determination of ore reserves and mineral resource*

The Consolidated Entity estimates its ore reserves and mineral resources based on information compiled by competent persons in accordance with the Australian Code for Reporting of Mineral Resources and Ore Reserves December 2004 (the JORC code). Reserves and where applicable resources demined in this way are used in the calculation of depreciation, amortisation and impairment charges, the assessment of mine lives and for forecasting the timing of the payment of restoration costs.

When a change in estimated recoverable gold ounces contained in proved and probable ore reserves is made, amortisation and depreciation is accounted for prospectively.

1. Significant Accounting Policies (continued)

b) Basis of Preparation (continued)

(iv) Impairment

In accordance with accounting policy note 1(h), the Consolidated Entity, in determining whether the recoverable amount of its cash generating unit is the higher of fair value less costs to sell or value-in-use against which asset impairment is to be considered, undertakes future cash flow calculations which are based on a number of critical estimates and assumptions including, for its mine properties, forward estimates of:

- mine life, including quantities of mineral reserves and resources for which there is a high degree of confidence of economic extraction with given technology;
- production levels and demand;
- metal price;
- inflation;
- cash costs of production; and
- discount rates applicable to the cash generating unit.

(v) Impairment of exploration and evaluation of assets, investment in subsidiary and loans to subsidiary

The ultimate recoupment of the value of exploration and evaluation assets, the Company's investment in its subsidiaries and loans to its subsidiaries is dependent on successful development and commercial exploitation, or alternatively, sale, of the underlying mineral exploration properties. The Group undertakes at least on an annual basis, a comprehensive review of indicators of impairment of these assets. There is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts.

The key areas of estimation and judgement that are considered in this review include:

- recent drilling results and reserves and resource estimates;
- environmental issues that may impact that underlying tenements;
- the estimated market value of assets at the review date;
- independent valuation of underlying assets that may be available;
- fundamental economic factors such as the gold price, exchange rates and current and anticipated operating costs in the industry; and
- the Group's market capitalisation compared to its net assets.

Information used in the review process is tested against externally available information as appropriate.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Consolidated Group, except as explained in notes 1(c), 1(y) and 1(z).

c) Changes in accounting policies

Starting as of 1 July 2009, the Consolidated Entity has changed its accounting policies in the following areas:

- Determination and presentation of operating segments; and
- Presentation of financial statements.

d) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a Company so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

(ii) Investments in associates (equity accounted investee)

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20 and 50 percent of the voting power of another entity.

Investments in associates are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Consolidated Entity's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements includes the Consolidated Entity's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Consolidated Entity's, from the date that significant influence commences until the date that significant influence ceases. When the Consolidated Entity's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Consolidated Entity's has an obligation or has made payments on behalf of the investee.

(iii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Consolidated Entity's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Gains and losses are recognised when the contributed assets are consumed or sold by the equity accounted investees or, if not consumed or sold by the equity accounted investee, when the Consolidated Entity's interest in such entities is disposed of.

1. Significant Accounting Policies (continued)

d) Basis of Consolidation (continued)

(iv) Jointly controlled operations and assets
The interest of the Group in unincorporated joint ventures and jointly controlled assets are brought to account by recognising in its financial statements the assets it controls, the liabilities that it incurs, the expenses it incurs and its share of income that it earns from the sale of goods or services by the joint venture.

e) Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

All such assets, except freehold land, are depreciated over their estimated useful lives on a straight line, reducing balance or production output basis, as considered appropriate, commencing from the time the asset is held ready for use.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in profit or loss.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Consolidated Entity and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated depreciation rates for the current and comparative periods are as follows:

Major depreciation periods are:	**2010**	**2009**
Buildings	2.5%	2.5%
Plant and equipment	15–33%	15–33%
Motor vehicles	13-25%	13-25%
Furniture and fittings	7.5-40%	7.5-40%
Mine development costs	Units of production	Units of production

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

(i) Useful lives
Mine assets are depreciated or amortised over the lower of their estimated useful lives and the estimated remaining life of the mine. The estimated remaining life of the mine is based upon geological resources. Assets not linked to the mining operation are depreciated over their estimated useful lives.

(ii) Amortisation
Amortisation is charged to the income statement, except to the extent that it is included in the carrying amount of another asset as an allocation of production overheads.

Mine properties in production are amortised on a units of production basis over economically recoverable resources.

Amortisation is not charged on costs carried forward in respect of interest in the development phase until commercial production commences.

f) Exploration and Evaluation

In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, exploration costs are accumulated in respect of each separate area of interest.

Costs incurred before the Consolidated Entity has obtained the legal rights to explore an area are recognised in the income statement.

Exploration costs are carried forward at cost where the rights of tenure are current and either:

(i) Such costs are expected to be recouped through successful development and exploration of the area of interest, or alternatively by its sale; or
(ii) Exploration activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable resources and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets will be assessed annually for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, or (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable value. Where impairment indicators exist, recoverable amounts of these assets will be estimated based on discounted cash flows from their associated cash generating units. The income statement will recognise expenses arising from the excess of the carrying values of exploration and evaluation assets over the recoverable amounts of the assets.

In the event that an area of interest is abandoned or if the Directors consider the expenditure to be of reduced value, accumulated costs carried forward are written off in the period in which that assessment is made. Each area of interest is reviewed at the end of each accounting period and accumulated costs are written off to the extent that they will not be recoverable in the future.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mining property and development assets within property, plant and equipment.

1. Significant Accounting Policies (continued)

f) Exploration and Evaluation (continued)

Mining Properties in Production or Under Development
Mining properties in production (including exploration, evaluation and development expenditure) are accumulated and brought to account at cost less accumulated amortisation in respect of each identifiable area of interest. Amortisation of capitalised costs is provided on the production output basis, proportional to the depletion of the mineral resource of each area of interest expected to be ultimately economically recoverable.

g) Acquisition of Assets

Assets acquired are recognised at cost. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. When equity instruments are issued as consideration, their market price at the date of acquisition is used as fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Where settlement of any part of cash consideration is deferred, the amounts payable are recorded at their present value, discounted at the rate applicable to the Company if a similar borrowing were obtained from an independent financier under comparable terms and conditions.

Costs incurred on assets subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the original performance of the asset will flow to the Company in future years. Costs that do not meet the criteria for capitalisation are expended as incurred.

h) Impairment

The carrying amounts of the Consolidated Entity's assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

i) Provision

A provision is recognised if, as a result of a past event, the Consolidated Entity has a present legal or constructive obligation that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Mine Development
Provision are made for the estimated cost of rehabilitation relating to areas disturbed during the mine's operation up to reporting date but not yet rehabilitated. Provision has been made in full for all disturbed areas at the reporting date based on current estimates of costs to rehabilitate such areas, discounted to their present value based on expected future cash flows. The estimated cost of rehabilitation includes the current cost of recontouring, topsoiling and revegetation, employing legislative requirements. Changes in estimates are dealt with on a prospective basis as they arise.

Uncertainty exists as to the amount of rehabilitation obligations which will be incurred due to the impact of changes in environmental legislation. The amount of the provision relating to rehabilitation of mine infrastructure and dismantling obligations is recognised at the commencement of the mining project and/or construction of the assets where a legal or constructive obligation exists at that time. The provision is recognised as a non-current liability with a corresponding asset included in property, plant and equipment.

At each reporting date the rehabilitation liability is re-measured in line with changes in discount rates and timing or amount of costs to be incurred. Changes in the liability relating to rehabilitation of mine infrastructure and dismantling obligations are added to or deducted from the related asset, other than the unwinding of the discount which is recognised as a finance cost in the income statement as it occurs.

If the change in liability results in a decrease in the liability that exceeds the carrying amount of the asset, the asset is written-down to nil and the excess is recognised immediately in the income statement. If the change in the liability results in an addition to the cost of the asset, the recoverability of the new carrying amount is considered. Where there is an indication that the new carrying amount is not fully recoverable, an impairment test is performed with the write-down recognised in the income statement in the period in which it occurs.

The amount of the provision relating to rehabilitation of environmental disturbance caused by ongoing production and extraction activities is recognised in the income statement as incurred. Changes in the liability are charged to the income statement as rehabilitation expense, other than the unwinding of the discount which is recognised as a finance cost.

1. Significant Accounting Policies (continued)

j) Expenses

(i) Operating lease payments
Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense and spread over the lease term.

(ii) Finance lease payments
Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each reporting period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(iii) Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest method, finance establishment costs, amortisation, discount unwind, interest receivable on funds invested, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognised in the income statement.

Interest income is recognised in the income statement as it accrues, using the effective interest method. The interest expense component of finance lease payments is recognised in the income statement using the effective interest method.

k) Inventories

Raw materials and stores, work in progress (stockpiles and gold in circuit) and finished goods (bullion) are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Costs are assigned to individual items of inventory on the basis of weighted average costs. Cost includes direct material, overburden removal, mining, processing, labour related transportation cost to the point of sale, mine rehabilitation costs incurred in the extraction process and other fixed and variable costs directly related to mining activities.

l) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the income statement.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Consolidated Entity has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity.

For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Securities Exchange quoted market bid prices at the close of business on the balance sheet date.

For investments where there is not a quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

m) Other receivables

Other receivables are initially recorded at the amount of contracted sales proceeds and are subsequently measured at amortised cost.

Receivables from related entities are recognised and carried at the nominal amount due. Where these receivables are interest bearing, interest is taken up as income on an accruals basis.

n) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

1. Significant Accounting Policies (continued)

o) Interest-bearing liabilities

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discounts or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised and as well as through the amortisation process.

p) Employee benefits

Short-term benefits
Liabilities for employee benefits for wages, salaries and annual leave and current portion of long service leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Consolidated Entity expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

No provision is made for non-vesting sick leave as the anticipated pattern of future sick leave taken indicates that accumulated non-vesting leave will never be paid.

Other long-term benefits
The Consolidated Entity's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs. Provision for annual leave and the current portion of long service leave together with the associated employment on-costs are measured at their nominal amounts based on remuneration rates expected to be paid when the liability is settled. The non-current portions of long service leave and its associated employment on-costs are measured at the present value of estimated future cash flows.

Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as a personnel expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Contributions to defined contribution superannuation plans are expensed as incurred.

q) Share-based payment transactions

The share options plan allows employees to acquire shares of the Company. The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised is adjusted to reflect the number of share options that are expected to vest, except for those that fail to vest due to market conditions not being met.

r) Leases

Finance leases, which transfer to the Consolidated Entity substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Consolidated Entity determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of the specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Consolidated Entity the right to control the use of the underlying asset. At inception or upon reassessment of the arrangement, the Consolidated Entity separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Consolidated Entity concludes for a finance lease that it is impracticable to separate the payment reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Consolidated Entity's incremental borrowing rate.

1. Significant Accounting Policies (continued)

s) Revenue

Goods sold
Revenue from the sale of gold is measured at the fair value of the consideration received or receivable, net of returns and allowances. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of consideration is probable, the associated costs and possible return of goods can be measured reliably, and there is no continuing management involvement with the goods. Revenue is recognised on receipt of funds from gold sales.

Interest
Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

t) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax Consolidation
The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 July 2002 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Tanami Gold NL.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries is assumed by the head entity in the tax-consolidated group and are recognised by the company as amounts payable (receivable) to (from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts. Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

u) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

v) Issued capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the proceeds received.

w) Trade and other payables

Trade and other payables are stated at their amortised cost.

1. Significant Accounting Policies (continued)

x) Loss per share

The Consolidated Entity presents basic loss per share data for its ordinary shares. Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted loss per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for shares held by the Company's sponsored employee share plan trust, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

y) Segment reporting

As of 1 July 2009 the Consolidated Entity determines and presents operating segments based on the information that internally is provided to the Managing Director/CEO, who is the Consolidated Entity's chief operating decision maker. This change in accounting policy is due to the adoption of AASB 8 *Operating Segments.* Previously operating segments were determined and presented in accordance with AASB 114 *Segment Reporting.* The new accounting policy in respect of segment operating disclosures is presented as follows.

Comparative segment information has been re-presented in conformity with the transitional requirement of AASB 8. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

An operating segment is a component of the Consolidated Entity that engages in business activities from which it may earn revenues and incur expenses. The Consolidated Entity operates in Western Australia and the Northern Territory, in the gold mining and exploration industries. All operating segments' operating results are regularly reviewed by the Consolidated Entity's Managing Director/CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Managing Director/CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total costs incurred during the period to acquire property, plant and equipment.

z) Presentation of financial statements

The Consolidated Entity applies revised AASB 101 *Presentation of Financial Statements (2007),* which became effective as of 1 January 2009. As a result, the Consolidated Entity presents in the consolidated statement of changes in equity all owners changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

aa) Financial instruments

Derivative financial instruments
Derivatives are recognised initially at fair value and attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are accounted for as described below.

Non-trading derivatives
When a derivative financial instrument is not held for trading, and is not designated in a qualifying hedge relationship, all changes in its fair value are recognised immediately in profit or loss.

ab) New Standards and Interpretations Not Yet Adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2010, but have not been applied in preparing this financial report:

- AASB 9 *Financial Instruments* includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 *Financial Instruments: Recognition and Measurement.* AASB 9 will become mandatory for the Consolidated Entity's 30 June 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the year ended 30 June 2012 or earlier. The Consolidated Entity has not yet determined the potential effect of the standard.
- AASB124 *Related Party Disclosures* (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for government related entities. The amendments, which will become mandatory for the Consolidated Entity's 30 June 2012 financial statements, are not expected to have any impact on the financial statements.
- AASB 2009-5 *Further amendments to Australian Accounting Standards arising from the Annual Improvements Process* affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement proposes. The amendments, which become mandatory for the Consolidated Entity's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.
- AASB 2009-8 *Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions* resolves diversity in practice regarding the attribution of cash-settled share-based payments between different entities within a group. As a result of the amendments AI 8 *Scope of AASB 2* and AI 11 *AASB 2 – Group and Treasury Share Transactions* will be withdrawn from the application date. The amendments, which become mandatory for the Consolidated Entity's 30 June 2011 financial statements, and are not expected to have a significant impact on the financial statements
- AASB 2009-10 *Amendments to Australian Accounting Standard – Classification of Rights Issue* [AASB 132] (October 2010) clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. The amendments, which will become mandatory for the Consolidated Entity's 30 June 2011 financial statements, are not expected to have any impact on the financial statements.

1. Significant Accounting Policies (continued)

ab) New Standards and Interpretations Not Yet Adopted (continued)

- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. IFRIC 19 will become mandatory for the Consolidated Entity's 30 June 2011 financial statements, with retrospective application required. The Consolidated Entity has not yet determined the potential effect of the interpretation.

2. Determination of Fair Values

a) The fair value of derivative financial assets is based on a binomial model valuation as at the reporting date. Refer to note 15 for details of assumptions used.

3. REVENUE

	Consolidated	
	2010	**2009**
	$	**$**
Gold sales	57,076,561	30,469,125
Other income	55,278	249,343
	57,131,839	30,718,468

4. PROFIT/LOSS BEFORE TAX

Loss before income tax benefit has been arrived at after:

Mine costs(i)	55,922,165	45,609,074
which includes:		
Mining	24,761,487	18,874,039
Processing	11,820,261	8,144,204
Site Administration	4,394,019	4,963,653
Depreciation - plant and equipment	4,210,470	3,639,380
Amortisation - mine development	10,735,928	4,169,374
Amortisation - Coyote open pits development costs (ii)	-	5,818,424
	55,922,165	45,609,074
Exploration and evaluation expense written off (iii)	671	846,864
Provision for employee entitlements	274,964	510,855
Occupancy costs	420,496	413,701

(i) Mine costs relate to the development and production of the Coyote Gold Project, the mining of the Coyote Open Pits (during the September 2009 Quarter), the mining of the Bald Hill Open Pits, ore processing and site administration. Mine costs include depreciation and amortisation.

(ii) During 2009, the Company substantially completed mining operations of the Coyote Open Pits. Accordingly, previously capitalised development expenditure relating to the Coyote Open Pits has been fully amortised in 2009.

(iii) The ultimate recoupment of exploration and evaluation expenditure is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas. During the year the Company wrote off expenditure totalling $671 (2009: $846,864).

5. PERSONNEL EXPENSES

	Consolidated 2010 $	Consolidated 2009 $
Wages and salaries	16,422,976	13,866,725
Superannuation costs	1,419,656	969,336
Increase in liability for annual leave	169,558	243,796
Share based payments	290,545	251,985
Total Personnel Expenses	18,302,735	15,331,842
Less: expenditure capitalised to exploration and evaluation assets	(1,206,774)	(1,639,525)
	17,095,961	13,692,317

6. FINANCE INCOME AND EXPENSE

	2010	2009
Finance income:		
Interest income	292,990	272,939
Finance expense:		
Interest - borrowings	(2,403,449)	(890,234)
Borrowing costs	(2,614,080)	(403,308)
Net change in fair value of financial assets at fair value through profit or loss	(675,000)	-
Unwind of discount on site restoration provision	(211,147)	(102,890)
Finance expense	(5,903,676)	(1,396,432)
Net Finance Income and (Expense)	(5,610,686)	(1,123,493)

7. TAXATION

Major components of income tax expense are as follows:

	2010	2009
Income Statement		
Current income tax expense/(benefit)		
Current income tax charge	-	(7,604,041)
Income tax expense not recognised due to availability of group revenue tax losses	-	-
Prior year adjustment	2,438,727	93,419
Deferred income tax expense		
Relating to origination and reversal of temporary differences	(7,015,910)	1,280,006
Deferred tax assets not recognised in the current period	4,577,183	6,230,615
Income tax benefit/(expense) reported in income statement	-	-

	2010	2009
Statement of Changes in Equity		
Current income tax		
Capital raising costs	-	(399,531)
Income tax benefit/(expense) in equity	-	(399,531)
Income tax benefit/(expense) not recognised	-	399,531
	-	-

7. TAXATION (continued)

	Consolidated 2010 $	Consolidated 2009 $
The components of recognised deferred tax balances are as follows:		
CONSOLIDATED		
Deferred tax liabilities		
Mine development	-	1,011,750
Exploration	2,544,732	1,197,650
Property, plant and equipment	-	23,745
Consumables	1,013,285	930,410
Accrued income	49,055	46,394
Other	62,904	-
Deferred tax asset offset against deferred tax liability	(3,669,976)	(3,209,949)
Gross deferred income tax liabilities	-	-
Deferred tax assets		
Provisions	1,138,072	902,780
Accruals	137,300	103,412
Property, plant and equipment	2,394,604	2,203,757
Tax losses	-	-
Deferred tax asset offset against deferred tax liability	(3,669,976)	(3,209,949)
Gross deferred income tax assets	-	-
Reconciliation to income tax benefit on Accounting loss		
Profit/(loss) before income tax	353,667	(21,029,451)
Prima facie tax payable at the statutory income tax rate	106,100	(6,308,835)
Non-deductible expenses		
Prior period adjustment	(1,193)	-
Share based payments	87,164	75,595
Other	1,412	2,625
Deferred tax assets not recognised	4,577,183	6,230,615
Tax losses recouped not previously booked	(4,770,665)	-
Income tax benefit	-	-
Deferred tax asset (30%) not recognised arising on:		
Tax losses	39,311,626	46,519,306
Temporary differences	8,667,830	2,439,835
	47,979,456	48,959,141

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Consolidated Entity can utilise the benefits therefrom.

8. AUDITOR'S REMUNERATION

	2010 $	2009 $
Audit Services		
Amounts paid, or due and payable, to the auditor - KPMG - for:		
Audit and review of the financial statements	132,000	99,500
Other Services		
Financial model integrity checking	16,000	-

	Consolidated	
9. CASH AND CASH EQUIVALENTS	**2010**	**2009**
	$	**$**
Cash at bank and on hand	6,728,829	1,157,195
	6,728,829	1,157,195

The Consolidated Entity's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 31.

10. OTHER RECEIVABLES

Current		
GST receivable	447,787	277,626
Prepayments	188,645	164,017
Other debtors	551,147	394,483
Interest receivable	40,936	729
	1,228,515	836,855
Non-Current		
Other debtors (a)	10,594,867	2,346,415
	10,594,867	2,346,415

(a) Non-current other debtors represent term deposits placed in support of environmental performance bonds lodged with the Department of Industry and Resources. (NT) $6,100 (2009: $11,000), the Department of Resources – Mineral and Energy (NT) $138,943 (2009: nil), Newmont Australia Limited $8,078,518 (2009: nil), and the Minister for State Development (WA) $2,190, 000 (2009: $2,215,000), and $181,306 (2009: $120,315) held as a rental bond for the corporate office.

The Consolidated Entity's exposure to credit and currency risks in respect of receivables is disclosed in Note 31.

11. INVENTORIES

Current		
Stockpile	2,006,714	667,433
Raw materials and stores	3,026,055	3,101,366
Gold in circuit	604,861	987,036
Bullion	576,874	1,216,641
Other	13,759	13,759
	6,228,263	5,986,235

In line with accounting policy Note 1(k), inventories are stated at lower of cost or net realisable value. All inventory components shown above are carried at cost.

12. PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2010 $	Consolidated 2009 $
Buildings at cost	8,198,883	7,990,883
Less: accumulated depreciation	(484,274)	(355,806)
Less: accumulated impairment	(3,134,004)	(3,134,004)
	4,580,605	4,501,073
Plant and equipment at cost	40,754,375	36,210,999
Less: accumulated depreciation	(7,314,592)	(3,694,139)
Less: accumulated impairment	(24,578,572)	(24,578,572)
	8,861,211	7,938,288
Motor vehicle at cost	1,491,149	1,368,770
Less: accumulated depreciation	(1,015,349)	(728,862)
	475,800	639,908
Furniture and fittings at cost	1,078,143	876,112
Less: accumulated depreciation	(750,952)	(597,956)
	327,191	278,156
Capital works in progress	955,446	56,746
Mine development assets	7,880,076	7,809,100
Rehabilitation asset	298,195	-
Total property, plant and equipment	23,378,524	21,223,271

Reconciliations

Reconciliations of carrying amounts for each class of property, plant and equipment are set out below:

	2010 $	2009 $
Buildings		
Carrying amount at beginning of financial year	4,501,073	4,377,774
Additions	208,001	258,278
Depreciation	(128,469)	(134,979)
Carrying amount at end of financial year	4,580,605	4,501,073
Plant and equipment		
Carrying amount at beginning of financial year	7,938,288	7,769,031
Additions	4,602,178	4,183,105
Disposals	(57,500)	(1,029,990)
Accumulated depreciation on disposals	20,762	258,574
Depreciation	(3,642,517)	(3,242,432)
Carrying amount at end of financial year	8,861,211	7,938,288
Motor vehicles		
Carrying amount at beginning of financial year	639,908	650,606
Additions	122,379	258,051
Disposals	-	(48,050)
Accumulated depreciation on disposals	-	49,050
Depreciation	(286,487)	(269,749)
Carrying amount at end of financial year	475,800	639,908
Furniture and fittings		
Carrying amount at beginning of financial year	278,156	424,845
Additions	202,032	94,936
Disposals	-	(180,940)
Accumulated depreciation on disposals	-	156,176
Depreciation	(152,997)	(216,861)
Carrying amount at end of financial year	327,191	278,156
Mine development assets		
Carrying amount at beginning of financial year	7,809,100	10,531,595
Additions	10,806,904	7,265,303
Amortisation	(10,735,928)	(9,987,798)
Carrying amount at end of financial year	7,880,076	7,809,100
Capital works in progress		
Carrying amount at beginning of financial year	56,746	474,502
Additions	2,071,987	2,877,481
Transferred to fixed assets	(1,173,287)	(3,295,237)
Carrying amount at end of financial year	955,446	56,746

12. PROPERTY, PLANT AND EQUIPMENT (continued)

	Note	Consolidated 2010 $	2009 $
Rehabilitation asset			
Carrying amount at beginning of financial year		-	-
Additions		298,195	-
Carrying amount at end of financial year		298,195	-
Total property plant and equipment			
Carrying amount at beginning of financial year		21,223,271	24,228,353
Additions		17,138,389	11,641,917
Disposals		(57,500)	(1,258,980)
Accumulated depreciation on disposals		20,762	463,800
Depreciation	4	(4,210,470)	(3,864,021)
Amortisation	4	(10,735,928)	(9,987,798)
Carrying amount at end of financial year		23,378,524	21,223,271

13. EXPLORATION AND EVALUATION EXPENDITURE

	2010	2009
Exploration and evaluation costs carried forward in respect of areas of interest	29,201,662	3,992,169

(a) Reconciliation

	2010	2009
Carrying amount at the beginning of the year	3,992,169	2,269,083
Expenditure during the period	5,245,461	2,569,950
Acquisition of Central Tanami mineral resources	20,719,222	-
Expenditure written off	(671)	(846,864)
Carrying value of tenements sold	(754,519)	-
	29,201,662	3,992,169

14. INVESTMENT IN ASSOCIATES

On 18 December 2009, the Consolidated Entity completed the sale of its interest in its Northern Territory tenements to ABM. The consideration of $16 million that the Consolidated Entity received comprised:

- $1.5 million dollars cash;
- 265 million fully paid ordinary shares in ABM at no consideration. These shares are subject of a 12 month voluntary escrow period;
- 150 million unlisted options with an exercise price of 1.5 cents and an expiry date of 5 years. The exercise of the options is conditional upon ABM's shares trading at or above a minimum volume-weighted average price (VWAP) of 3 cents over 20 consecutive ASX trading days. This condition has now been satisfied;
- 150 million unlisted options with an exercise price of 1.5 cents and an expiry date of 5 years. The exercise of the options is conditional upon ABM's shares trading at or above a minimum (VWAP) of 3.5 cents over 20 consecutive ASX trading days. This condition has now been satisfied; and
- One seat on the ABM Boart if requested by Tanami Gold NL.

This generated a gain on disposal of $11,779,330 (2009: nil) which has been included in Other Income.

The Consolidated Entity's share of loss in its equity accounted investee for the year was $2,975,312 (2009: nil).

During the year ended 30 June 2010 and 30 June 2009 the Consolidated Entity did not receive dividends from its investments in equity accounted investees.

Summary financial information for equity accounted investees, not adjusted for the percentage ownership held by the Consolidated Entity:

in thousands of AUD 2010	Owner-ship	Current Assets	Non-Current Assets	Total Assets	Current Liabilities	Non-Current Liabilities	Total Liabilities	Revenue	Expenses	Profit/(Loss)
ABM Resources NL (associate)	21.57%	7,236	19,199	26,435	955	175	1,130	113	(30,158)	(30,045)

14. INVESTMENT IN ASSOCIATES (continued)

Reconciliation of Investment in Equity Accounted Investee

	30 June 2010
Balance as 1 July 2009	-
Initial investment	6,334,032
Increase in investment due to take up of rights issue	4,242,038
Share of loss	(2,975,312)
Balance at 30 June 2010	7,600,758

15. DERIVATIVES

	Consolidated 2010 $	Consolidated 2009 $
Non-current investments		
Options over ABM Resources NL shares	4,020,000	-

Part of the consideration for the transfer of Tanami Gold NL's Northern Territory tenements to ABM includes:

- 150 million unlisted options with an exercise price of 1.5 cents and an expiry date of 5 years. The exercise of the options is conditional upon ABM's share trading at or above a minimum volume-weighted average price (VWAP) of 3 cents over 20 consecutive ASX trading days; and
- 150 million unlisted options with an exercise price of 1.5 cents and an expiry date of 5 years. The exercise of the options is conditional upon ABM's share trading at or above a minimum VWAP of 3.5 cents over 20 consecutive ASX trading days.

The values of these options were recognised initially at fair value. Subsequent to initial recognition, these options are measured at fair value and changes therein are recognised immediately in profit or loss.

The options were valued as at 30 June 2010 using the Binomial valuation methodology. The significant assumptions used in the valuation were:

- Volatility: 125%
- Risk free rate: 4.44%
- Underlying security spot price: $0.09
- Exercise price: $0.015

16. INTEREST BEARING LIABILITIES

	Consolidated 2010 $	Consolidated 2009 $
Current		
Finance lease liabilities (i)	150,588	45,030
Loan (ii)	54,835,392	6,184,195
	54,985,980	6,229,225
Non-Current		
Finance lease liabilities (i)	250,981	-

	30 June 2010 Face Value	30 June 2010 Carrying Amount	30 June 2009 Face Value	30 June 2009 Carrying Amount
(i) Current: Finance lease liabilities	170,508	150,588	45,621	45,030
(i) Non-Current: Finance lease liabilities	284,180	250,981	-	-
	454,688	401,569	45,621	45,030

The finance lease liability is denominated in Australian dollars with a nominal interest rate of 8.25% and will mature in 2011.

(ii) Loan Amount

	Effective Interest Rate	Maturity	30 June 2010 Face Value	30 June 2010 Carrying Amount	30 June 2009 Face Value	30 June 2009 Carrying Amount
HKD 13.4 million (a)	15%	30 Sept 2009	-	-	2,127,277	2,153,504
HKD 25.1 million (a)	15%	30 Sept 2009	-	-	3,999,462	4,030,691
HKD 75 million (a)	12%	31 Dec 2010	11,305,396	11,651,063	-	-
AUD 37 million	12%	27 Sept 2010	37,000,000	38,179,945	-	-
AUD 5 million	8%	27 Sept 2010	5,000,000	5,004,384	-	-
			53,305,396	54,835,392	6,126,739	6,184,195

(a) The HKD13.4 million loan and the HKD25.1 million loan were due for repayment on 30 September 2009. On 18 September 2009 (and prior to the expiry of these two unsecured loan facilities), the Company entered into a new loan agreement with AP Finance Limited.

Under the terms of the new agreement, the two existing unsecured loan facilities were rolled into a single new (and increased) unsecured loan facility of up to HKD75 million.

Subsequent to year end, the Company has repaid all of its loan facilities.

16. INTEREST BEARING LIABILITIES (continued)

Repayment of Loans: $37 Million Loan Facility with AP Finance Limited

On 23 August 2010, the Company repaid all amounts owing (including accrued interest and borrowing costs) under its $37 million loan with AP Finance Limited.

The Company, AP Finance Limited and Allied Properties Resources Limited entered into a Settlement and Offset Deed on 14 July 2010 to allow the underwriters entitlement and shortfall allocation under the entitlements issue to be offset against the amounts owing by the Company to AP Finance Limited under the Company's loan agreement with AP Finance Limited.

Allowing for this offset, the Company extinguished this loan with a repayment of approximately $24.9 million on 23 August 2010.

Repayment of Loans: HK$75 Million Loan Facility with AP Finance Limited

On 23 August 2010, the Company repaid all amounts owing (including accrued interest and borrowing costs) under its HK$75 million loan with AP Finance Limited.

The Company extinguished this loan with a repayment of approximately $10.9 million on 23 August 2010.

Repayment of Loans: $5 Million Loan Facility with Eurogold Limited

On 23 August 2010, the Company repaid all amounts owing (including accrued interest and borrowing costs) under its $5 million loan with Eurogold Limited.

The Company and Eurogold Limited agreed to allow Eurogold Limited's entitlement under the entitlements issue to be offset against the amounts owing by the Company to Eurogold Limited under the Company's loan agreement with Eurogold Limited.

Allowing for this offset, the Company extinguished this loan with a repayment of approximately $2.7 million on 23 August 2010.

17. TRADE AND OTHER PAYABLES

	Consolidated	
	2010	**2009**
	$	**$**
Current		
Trade creditors	4,289,777	3,151,839
Other creditors and accruals	3,310,701	3,214,450
	7,600,478	6,366,289

The Consolidated Entity's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 31.

18. PROVISIONS

	Consolidated	
	2010	**2009**
	$	**$**
Current		
Employee entitlements	889,056	718,915
	889,056	718,915
Non-Current		
Employee entitlements	476,318	371,495
Site and mine restoration	4,197,037	1,918,860
	4,673,355	2,290,355

Annual Leave
Annual leave that is expected to be settled within 12 months of the reporting date represents present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Consolidated Entity expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Site and mine restoration
In accordance with the Consolidated Entity's environmental policy and applicable legal requirements, a provision for site restoration and mine rehabilitation is recognised when the land is disturbed. The basis of accounting is set out in Note 1(i) of the significant policies. The increase during the year represents the increase in rehabilitation obligations associated with the acquisition of the Central Tanami Gold Project and the unwinding of the discount rate of interest against the Western Tanami Operations.

Long service leave
Long service leave that is due and payable is disclosed as a current employee provision. A provision is recognised in the accounts based on weighted probabilities that the necessary service levels are attained.

19. ISSUED CAPITAL

	Consolidated 2010 $	Consolidated 2009 $
Share capital		
3,538,390,059 (2009: 3,538,390,059) ordinary shares, fully paid	183,469,346	183,469,346
	183,469,346	183,469,346
Movements in issued capital (refer to note 30)		
Balance at beginning of year	183,469,346	172,382,390
Shares issued		
- nil (2009: 2,358,926,706) shares issued for cash	-	11,794,634
- Transaction costs arising from issues for cash	-	(707,678)
Balance at end of year	183,469,346	183,469,346

Shares issued for cash during the year

There were no shares issued for cash during the year.

Terms and conditions of ordinary shares

Holders of ordinary shares are entitled to receive dividends (if they are declared) and are entitled to one vote per share at shareholders' meetings. In the event of a winding up of the Company, ordinary shareholders rank after creditors.

Options (refer to note 30)

During the year, no options were issued.

During the year the following options lapsed unexercised.

Exercise Price ($)	Number of Options	Grant Date	Expiry Date
$0.225	15,000,000	20 October 2004	20 October 2009
$0.225	450,000	22 November 2004	22 November 2009
$0.18	900,000	1 December 2005	22 November 2009
	16,350,000		

During the year the following options were forfeited:

Exercise Price ($)	Number of Options	Grant Date	Expiry Date
$0.15	200,000	30 April 2007	31 March 2012
	200,000		

At the end of the year there were 26,450,000 unissued ordinary shares in respect of which unquoted options were outstanding as follows:

Expiry Date	Type	Exercise Price	2010 Number	2009 Number
20 October 2009	Unquoted	$0.225	-	15,000,000
22 November 2009	Unquoted	$0.225	-	450,000
22 November 2009	Unquoted	$0.18	-	900,000
31 March 2012	Unquoted	$0.15	950,000	1,150,000
22 November 2012	Unquoted	$0.20	1,750,000	1,750,000
22 November 2012	Unquoted	$0.15	1,750,000	1,750,000
28 February 2014	Unquoted	$0.013	22,000,000	22,000,000
			26,450,000	43,000,000

20. ACCUMULATED LOSSES

	Consolidated 2010 $	Consolidated 2009 $
Accumulated losses at the beginning of the year	(164,118,439)	(143,088,988)
Net profit/(loss) for year	353,667	(21,029,451)
Accumulated losses at the end of the year	(163,764,772)	(164,118,439)

21. CONTINGENT LIABILITIES

(a) Department of Industry & Resources (Western Australia)

Performance Bonds totalling $2,190,000 (2009: $2,215,000) have been granted in favour of the Minister for State Development. Security given by the parent entity for these bonds is a right of indemnification from term deposits totalling $2,190,000 (2008: $2,215,000) which is included in Note 10.

(b) Department of Resources – Mineral and Energy (Northern Territory)

Performance Bond of $145,043 (2009: nil) have been granted in favour of the Northern Territory Government, Department of Resources – Minerals and Energy which is included in Note 10.

(c) Newmont Australia Limited

Performance Bonds totalling $8,078,518 (2009: nil) have been granted in favour of Newmont Australia Limited in the form of a bank guarantee. Security given by the parent entity for these bonds is a right of indemnification from term deposits totalling $8,078,518 (2009: nil) which is included in Note 10.

(d) Financial Support of Controlled Entity

Tanami Gold NL has provided an undertaking to continue providing financial support to its controlled entities, Tanami Exploration NL and Tanami (NT) Pty Ltd.

(e) Claims of Native Title

On 20 April 2005 the Company entered into the Tjurabalan Native Title Coyote Gold Project Agreement which enabled the Coyote Gold Project to be developed. Central to the Agreement is a commitment to employment, training and business development opportunities for the Tjurabalan People. Importantly, the Tjurabalan People's interests and benefits payable by the Company are aligned with gold production levels achieved by the Company from the Project.

The Company has entered into several Deeds for Exploration with different traditional owner groups and the Central Land Council in relation to tenements held in the Northern Territory. Such agreements provide for exploration to be undertaken on Aboriginal Land Trust areas subject to certain conditions being met including approved clearance surveys over areas to be explored.

One of the Company's tenements in the Northern Territory is subject to the procedures of the Native Title Act 1993.

22. COMMITMENTS

(a) Exploration Expenditure

The Consolidated Entity has certain obligations to perform minimum exploration work on mineral leases held. These obligations may vary over time, depending on the Consolidated Entity’s exploration program and priorities. These obligations are also subject to variations by negotiation, joint venturing or relinquishing some of the relevant tenements. As at balance date, total exploration expenditure commitments of the Consolidated Entity which have not been provided for in the financial statements amount to $1,676,140 per annum (2009: $2,539,540). The Consolidated Entity’s tenement commitment can be reduced by obtaining expenditure exemptions and/or relinquishment of tenements.

Exploration Expenditure Commitments

	Consolidated		Company	
	2010	**2009**	**2010**	**2009**
Within one year	1,676,140	2,539,540	-	-

(b) Contracts – Key Management Personnel

The Company has entered into a management agreement with Mr Sloan for his services as Managing Director/CEO. Under the contract, a termination notice period of three months is required from Mr Sloan, which, based on current remuneration rates, would amount to a termination payment of $109,000 (2009: $109,000). Alternatively, under the contract a termination notice period of 6 months is required from the Company, which, based on current remuneration rates would amount to a termination payment of $218,000 (2009: $218,000).

The Company had entered into a management agreement with Mr Henderson for his services as Geology Manager. Under the contract, a termination notice period of three months is required, which, based on current remuneration rates, would amount to a termination payment of $56,408.

The Company has entered into a management agreement with Mr Latto for his services as Chief Financial Officer. Under the contract, a termination notice period of three months is required, which, based on current remuneration rates, would amount to a termination payment of $59,950 (2009: $52,500).

The Company has entered into a management agreement with Mr Walker for his services as General Manger Operations. Under the contract, a termination notice period of three months is required, which, based on current remuneration rates, would amount to a termination payment of $84,475 (2009: $84,475).

The Company had entered into a management agreement with Mr Smith for his services as Geology Manager. Under the contract, a termination notice period of one month was required. Mr Smith resigned on 14 September 2009.

22. COMMITMENTS (continued)

(c) Operating lease

The Consolidated Entity lease the corporate office under an operating lease. The lease runs for 3 years commencing on 1 February 2010 and expiring on 31 January 2013. Lease payments are increased annually to reflect market rentals. During the year ended 30 June 2010 $378,335 was recognised as an expense in the income statement in respect to the operating lease (2009: $382,327).

Operating Lease Commitments

	Consolidated		Company	
	2010	2009	2010	2009
Within one year	322,717	209,428	-	-
Between one and five years	527,085	-	-	-
	849,802	209,428	-	-

23. EMPLOYEE BENEFITS

Equity Plans

(i) Directors' options

2010
During the financial year, no options were issued to Directors.

2009
During the financial year, no options were issued to Directors.

Summary of directors' options over unissued shares

Details of options over unissued shares as at the beginning and ending of the reporting date are set out below.

							Number of options at 30 June 2010	
Grant Date	Exercise date on or after	Expiry Date	Exercise price	Number of options at beginning of year	Options Granted	Options Expired/ Forfeited (i)	On Issue	Vested
20 Oct 2004	20 Oct 2004	20 Oct 2009	$ 0.225	15,000,000	-	(15,000,000)	-	-
23 Nov 2007	23 Nov 2007	22 Nov 2012	$ 0.20	1,750,000	-	-	1,750,000	1,750,000
23 Nov 2007	23 Nov 2007	22 Nov 2012	$ 0.15	1,750,000	-	-	1,750,000	1,750,000

(i) Options Expired
15,000,000 options expired during the financial year.

(ii) Employee share option plan

The Employee Share Option Plan ("ESOP") was approved by shareholders at a general meeting of the Company on 18 October 2004.

In consideration of the continued services of the specified employees, the Company granted options to subscribe for one ordinary fully paid share in the capital of the Company per option. The options on issue at the start of the financial year may only be exercised on or after the second anniversary of the date of issue of the options except where otherwise noted.

Summary of movements in the plan for the financial year:

							Number of options at 30 June 2010	
Grant Date	Exercise date on or after	Expiry Date	Exercise price	Number of options at beginning of year	Options Granted	Options expired/ Forfeited (ii)	On Issue	Vested
20 Oct 2004	20 Oct 2004	20 Oct 2009	$ 0.225	15,000,000	-	(15,000,000)	-	-
23 Nov 2007	23 Nov 2007	22 Nov 2012	$ 0.20	1,750,000	-	-	1,750,000	1,750,000
23 Nov 2007	23 Nov 2007	22 Nov 2012	$ 0.15	1,750,000	-	-	1,750,000	1,750,000
22 Nov 2004	22 Nov 2005	22 Nov 2009	$ 0.225	450,000	-	(450,000)	-	-
1 Dec 2005	1 Dec 2007	20 Nov 2009	$ 0.18	900,000	-	(900,000)	-	-
30 Apr 2007	31 Mar 2009	31 Mar 2012	$ 0.15	1,150,000	-	(200,000)	950,000	950,000
3 Mar 2009	*	28 Feb 2014	$ 0.013	22,000,000	-	-	22,000,000	18,370,000

* The exercise date is depended on the commencement date of the individual employees who have been issued the options. 50% of the options can be exercised after 12 months of continuous employment and 50% can be exercised after 24 months of continuous employment. The employees' commencement dates range from 28 August 1995 to 1 January 2009.

(ii) Options Expired
16,350,000 options expired during the financial year.

Options Forfeited
200,000 options were forfeited during the financial year.

24. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of Key Management Personnel

(ii) Specified Directors

Denis Waddell (Non-Executive Chairman)	(appointed July 1995)
Graeme Sloan (Managing Director/CEO)	(appointed September 2008)
Alan Senior (Non-Executive Director)	(appointed July 2007)
Seng Hui Lee (Non-Executive Director)	(appointed March 2008)

(iii) Specified Executives

Rob Henderson (Geology Manager)	(appointed September 2009)
Jon Latto (Chief Financial Officer)	(appointed November 2007)
Rob Walker (General Manager Operations)	(appointed October 2008)
Tim Smith (Geology Manager)	(appointed July 2003, resigned September 2009)

(b) Remuneration of Key Management Personnel

The key management personnel compensation included in 'personnel expenses' (see note 5) is as follows:

	Consolidated	
In AUD	**2010**	**2009**
Short-term employee benefits	1,583,077	2,084,260
Post-employment benefits	105,411	165,978
Share-based payments	176,013	181,974
Total	1,864,501	2,432,212

(i) Individual directors and executives compensation disclosures

Information regarding individual director's and executive's compensation and some equity instruments disclosures as required by Corporations Regulations 2M.3.03 and 2M.6.04 is provided in the Remuneration Report section of the Directors' Report.

For the financial year ended 30 June 2010, Mr Waddell provided consulting services on corporate and operational matters to Tanami Gold NL totalling $162,000. These consulting services have been provided on arms length, commercial terms as and when required by the Consolidated Entity.

Shareholdings of directors – number of shares in Tanami Gold NL

2010

Ordinary Fully Paid Shares	Balance 1 July 2009	Granted as Remuneration	On Market Purchases	Balance 30 June 2010
Directors				
D Waddell	70,080,000	-	-	70,080,000
G Sloan	-	-	-	-
A Senior	700,000	-	-	700,000
SH Lee	889,557,408	-	-	889,557,408
Other Key Management Personnel				
R Henderson	-	-	-	-
J Latto	-	-	-	-
R Walker	623,684	-	(581,759)	41,925
T Smith	-	-	-	-
Total	960,961,092		(581,759)	960,379,333

Options	Balance 1 July 2009	Granted as Remuneration	Options Expired	Balance 30 June 2010
Directors				
D Waddell	15,000,000	-	(15,000,000)	-
G Sloan	-	-	-	-
A Senior	3,500,000	-	-	3,500,000
SH Lee	-	-	-	-
Other Key Management Personnel				
R Henderson	-	-	-	-
J Latto	1,300,000	-	-	1,300,000
R Walker	10,000,000	-	-	10,000,000
T Smith	1,750,000	-	-	1,750,000
Total	31,550,000	-	(15,000,000)	16,550,000

2009

Ordinary Fully Paid Shares	Balance 1 July 2008	Granted as Remuneration	On Market Purchases	Balance 30 June 2009
Directors				
D Waddell	14,000,000	-	56,080,000	70,080,000
G Sloan	-	-	-	-
A Senior	100,000	-	600,000	700,000
SH Lee	150,000,000	-	739,557,408	889,557,408
Other Key Management Personnel				
G Cheong	-	-	-	-
J Latto	-	-	-	-
T Smith	-	-	-	-
R Walker	-	-	623,684	623,684
Total	164,100,000		796,861,092	960,961,092

24. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

Options	Balance 1 July 2008	Granted as Remuneration	Options Expired	Balance 30 June 2009
Directors				
D Waddell	15,000,000	-	-	15,000,000
G Sloan	-	-	-	-
A Senior	3,500,000	-	-	3,500,000
SH Lee	-	-	-	-
F Sibbel	10,000,000	-	(10,000,000)	-
Other Key Management Personnel				
G Cheong	300,000	1,000,000	-	1,300,000
J Latto	300,000	1,000,000	-	1,300,000
T Smith	750,000	1,000,000	-	1,750,000
R Walker	-	10,000,000	-	10,000,000
M Casey	500,000	-	(500,000)	-
Total	30,350,000	13,000,000	(10,500,000)	32,850,000

All equity transactions with directors other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

(d) Other transactions with the Company or its controlled entities

Specified directors hold positions in other entities that resulted in them having control or significant influence over the financial or operating policies of those entities. These entities transacted with the Company or its subsidiaries during the financial year. The terms and conditions of those transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

The Company provided administrative services to Orion Gold NL, a Company of which Denis Waddell and Graeme Sloan are Directors. These administrative services were recharged to Orion Gold NL at cost resulting in no gain or loss for the Company.

25. NON-KEY MANAGEMENT PERSONNEL RELATED PARTIES DISCLOSURES

Wholly-Owned Group

Tanami Exploration NL and Tanami (NT) Pty Ltd are both wholly owned subsidiaries of Tanami Gold NL.

Loans from Related Parties

The Consolidated Entity has the following two unsecured loan facilities with AP Finance Limited as at 30 June 2010:

- An unsecured loan facility for HK$75 million (drawn down to HK$75 million) as at 30 June 2010. This equates to an Australian dollar facility of approximately $11.3 million (drawn down to $11.3 million). This loan, along with any accrued interest and borrowing costs was repaid on 23 August 2010.

- An unsecured loan facility for $37 million (drawn down to $37 million) as at 30 June 2010. This loan, along with any accrued interest and borrowing costs was repaid on 23 August 2010.

The ultimate holding company of AP Finance Limited is Allied Group Limited, an entity associated with Mr Lee Seng Hui who is a Director of the Company.

The Consolidated Entity has a loan for $5 million with Eurogold Limited. Eurogold Limited is 49.37% indirectly owned by Allied Properties (HK) Limited, which is an intermediate holding listed company of Allied Properties Resources Limited. The ultimate holding company of Allied Properties Resources Limited is Allied Group Limited, a company in which Mr. Lee Seng Hui (together with other trustees of Lee and Lee Trust) has an interest of 52.62%. Accordingly, Mr. Lee Seng Hui is taken to have a relevant interest in the 889,557,408 shares held by Allied Properties Resources Limited and Eurogold Limited.

26. INTEREST IN JOINT VENTURES

Current joint venture equities are as follows:

Joint Ventures	Managers	Interest	Principal Activity
Yuendumu	Tanami Gold NL	Earning nil% (2009: 88%)	Gold Exploration

Tanami Gold NL's interest in the Yuendumu Joint Venture was transferred to ABM Resources NL as part of the Strategic Exploration Alliance between Tanami Gold NL and ABM Resources NL that was announced on 12 August 2009.

27. SEGMENT INFORMATION

The Consolidated Entity operates predominantly in the gold exploration and gold mining industry.

Information about reportable segments

in thousands of AUD	Gold Production		Exploration		Other		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Revenues	57,077	30,469	-	-	-	-	57,077	30,469
Interest Income	-	-	85	120	208	152	293	272
Interest Expense	(24)	(19)	-	-	(2,590)	(974)	(2,614)	(993)
Depreciation and amortisation	(14,843)	(13,781)	(18)	(9)	(85)	(62)	(14,946)	(13,852)
Reportable segment profit/(loss) before income tax	1,234	(15,089)	66	(735)	(946)	(5,206)	354	(21,030)
Share of profit of equity accounted investees	-	-	-	-	(2,975)	-	(2,975)	-
Reportable segment assets	30,347	27,839	31,669	6,256	26,965	1,447	88,981	35,542
Investment in associates	-	-	-	-	7,601	-	7,601	-
Capital expenditure	16,691	11,541	93	-	55	101	16,839	11,642

Reconciliation of reportable segment revenues, profit or loss, assets and liabilities and other material items

	2010	2009
Revenue		
Total revenue for reportable segments	57,076,561	30,469,124
Consolidated revenue	57,076,561	30,469,124
Profit or loss		
Total profit or loss for reportable segments	1,299,474	(15,823,810)
Profit/(loss) on sale of assets	11,742,643	-
Other loss)	(211,146)	(102,894)
Unallocated amounts: other corporate expenses	(9,501,992)	(5,102,747)
Share of profit/(loss) of equity accounted investees	(2,975,312)	-
Consolidated profit/(loss) before income tax	353,667	(21,029,451)
Assets		
Total assets for reportable segments	62,016,650	34,094,916
Investments in equity accounted investees	7,600,758	-
Other unallocated amounts	19,364,010	1,447,224
Consolidated total assets	88,981,418	35,542,140
Liabilities		
Total liabilities for reportable segments	12,524,825	8,541,370
Other unallocated amounts	55,875,025	7,063,414
Consolidated total liabilities	68,399,850	15,604,784

Major customer

The Consolidated Entity sells gold on-market through third parties and is not able to identify the end customer.

28. EARNINGS/LOSS PER SHARE

	2010	2009
	Number of shares	
Weighted average number of ordinary shares used as the denominator in the calculation of basic earnings per share	117,946,335	92,956,792

Basic earnings/loss per share

The calculation of basic earnings per share at 30 June 2010 was based on the profit attributable to ordinary shareholders of $353,667 (2009: $21,029,451 loss) and a weighted average number of ordinary shares outstanding of 117,946,335 (2009: 92,956,792).

Weighted average number of ordinary shares

Consolidated			
	Note	2010	2009
Issued ordinary shares at 1 July	19	117,946,335	39,315,445
Effect of shares issued in October 2008		-	53,641,347
Weighted average number of ordinary shares at 30 June		**117,946,335**	**92,956,792**

In accordance with AASB 133 *Earnings Per Share*, the weighted average number of ordinary shares for 2010 has been re-stated to incorporate the impact of the 1-for-30 consolidation of issued capital that was approved by a general meeting of shareholders on 20 August 2010. The weighted average number of shares for 2009 has also been restated on the same basis.

28. EARNINGS/LOSS PER SHARE (continued)

Diluted earnings per share

The calculation of diluted earnings per share at 30 June 2010 was based on the profit attributable to ordinary shareholders of $353,667 and a weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares of 118,150,803. Diluted earnings per share for 30 June 2009 has not been presented as the Consolidated Entity made a loss for the period.

Weighted average number of ordinary shares (diluted)

Consolidated	**Note**	**2010**
Weighted average number of ordinary shares (basic)	19	117,946,335
Effect of share options on issue		204,468
Weighted average number of ordinary shares (diluted) at 30 June		**118,150,803**

The average market value of the Company's shares for the purposes of calculating the dilutive effect of the share options was based on quoted market prices for the period during which options were outstanding.

29. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of cash and cash equivalents

For the purposes of the statements of cash flows, cash includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statements of financial position as follows:

	Consolidated 2010 $	Consolidated 2009 $
Cash assets	6,728,829	1,157,195

(b) Reconciliation of net cash flow from operating activities to net profit/(loss)

	2010 $	2009 $
Net profit/(loss)	353,667	(21,029,451)
Add/(less) non-cash items:		
Exploration expenditure written off	671	846,864
Depreciation	4,210,470	3,864,021
Amortisation	10,735,928	9,987,798
Foreign exchange loss	63,218	141,614
Unwinding of interest rate on provision for rehabilitation	211,147	102,889
Share based payments	290,545	251,985
Add/(less) items classified as investing/financing activities:		
Loss/(Gain) on disposal of fixed assets	36,687	25,111
Loss/(Gain) on disposal of assets to equity accounted investees	(11,779,330)	-
Unrealised loss/gain on derivative asset	675,000	-
Share of loss of equity accounted invest (net of income tax)	2,975,312	-
Net cash provided by/(used in) operating activities before changes in assets and liabilities	7,773,314	(5,809,169)
Changes in assets and liabilities during the financial year:		
Increase in capitalised exploration expenditure	(5,076,881)	(2,569,950)
Increase in capitalised development expenditure	(10,806,904)	(7,212,709)
Decrease / (Increase) in receivables	(373,225)	1,382,118
Decrease / (Increase) in inventories	(242,027)	1,422,662
Increase in prepayments	(24,631)	(11,586)
Increase in provisions	274,964	510,855
(Decrease) / Increase in payables	5,351,756	(870,173)
Net cash used in operating activities	**(3,123,634)**	**(13,157,952)**

30. EVENTS SUBSEQUENT TO BALANCE DATE

Fully Underwritten Pro-Rata Renounceable Entitlements Issue

On 15 July 2010, the Company announced a 6-for-5 pro-rata renounceable entitlements issue at 1.5 cents per share to raise approximately $63.7 million before issue costs.

The entitlements issue was fully underwritten by the Company's major shareholder Allied Properties Resources Limited who received an underwriting fee of $3,003,139 (being 6% of the net of the underwritten amount of $63,691,021 less the underwriters entitlement of $13,638,706) based on the underwriters direct shareholding in the Company prior to the commencement of the entitlements issue.

The proceeds of the issue were used to retire the Company's debt with AP Finance Limited and Eurogold Limited and will be used to accelerate exploration at the Central Tanami Gold Project.

On 17 August 2010, the Company announced the successful completion of the entitlements issue.

Consolidation of Capital

On 15 July 2010, the Company announced that it would seek shareholder approval to undertake a 1-for-30 consolidation of the Company's capital. A General Meeting of the Company's shareholders was held on 20 August 2010 and the resolution for the consolidation of capital was passed. Following the consolidation, the Company has 260,947,676 shares on issue.

Provision of Limited Recourse Loans to Senior Employees

In July 2010, the Company implemented limited recourse loans with employees who held 19,500,000 1.3 cent options. The loans were to assist with the conversion of these options and associated rights into shares arising under the Company's 6:5 fully underwritten pro-rata renounceable entitlements issue.

These loans are notional in nature and do not result in any cash outflow for the Company. The loans have a 24 month term, are interest free and total $604,500.

The shares resulting from these loans cannot be sold or transferred until the loans are repaid in full. Should any of the employees to which the loans relate cease to be an employee of the Company then the loans are immediately repayable.

Repayment of Loans: $37 Million Loan Facility with AP Finance Limited

On 23 August 2010, the Company repaid all amounts owing (including accrued interest and borrowing costs) under its $37 million loan with AP Finance Limited.

The Company, AP Finance Limited and Allied Properties Resources Limited entered into a Settlement and Offset Deed on 14 July 2010 to allow the underwriters entitlement and shortfall allocation under the entitlements issue to be offset against the amounts owing by the Company to AP Finance Limited under the Company's loan agreement with AP Finance Limited.

Allowing for this offset, the Company extinguished this loan with a repayment of approximately $24.9 million on 23 August 2010.

Repayment of Loans: HK$75 Million Loan Facility with AP Finance Limited

On 23 August 2010, the Company repaid all amounts owing (including accrued interest and borrowing costs) under its HK$75 million loan with AP Finance Limited.

The Company extinguished this loan with a repayment of approximately $10.9 million on 23 August 2010.

Repayment of Loans: $5 Million Loan Facility with Eurogold Limited

On 23 August 2010, the Company repaid all amounts owing (including accrued interest and borrowing costs) under its $5 million loan with Eurogold Limited.

The Company and Eurogold Limited agreed to allow Eurogold Limited's entitlement under the entitlements issue to be offset against the amounts owing by the Company to Eurogold Limited under the Company's loan agreement with Eurogold Limited.

Allowing for this offset, the Company extinguished this loan with a repayment of approximately $2.7 million on 23 August 2010.

31. FINANCIAL RISK MANAGEMENT

Overview

This note presents information about the Consolidated Entity's exposure to credit, liquidity and market risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Consolidated Entity through regular reviews of the risks.

1. Credit Risk

Credit risk is the risk of financial loss to the Consolidated Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Consolidated Entity's receivables from its customers and investment securities. For the company it arises from receivables due from subsidiaries.

Presently, the Consolidated Entity undertakes mining, exploration and evaluation activities exclusively in Australia. At the balance sheet date there were no significant concentrations of credit risk.

Cash and cash equivalents
The Consolidated Entity limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating.

Other receivables
The Consolidated Entity's revenue is derived (apart from immaterial recharges) from gold sales. Management does not expect any counterparty to a gold sale to fail to meet its obligations.

Exposure to credit risk
The carrying amount of the Consolidated Entity's financial assets represents the maximum credit exposure. The Consolidated Entity's maximum exposure to credit risk at the reporting date is:

		Consolidated Carrying Amount	
	Note	**2010**	**2009**
Cash and cash equivalents	9	6,728,829	1,157,195
Other receivables	10	11,823,382	3,183,270
Derivatives	15	4,020,000	-

The Consolidated Entity is not exposed to credit risk in relation to the cash and cash equivalents or other receivables in the preceding table because:

- The Consolidated Entity invests in or deposits cash with counterparties that have an acceptable credit risk rating, and as a result, Management consider that there is minimal credit risk attached to the Consolidated Entity's cash and cash equivalents balances;

- The Consolidated Entity's other receivables predominantly relate to amounts payable from Government institutions which management consider is risk free. Of the $11,823,372 in other receivables, $10,413,561 relates to environmental performance bonds lodged with the Northern Territory Department Resources – Mineral and Energy, the Western Australian Minister of State Development and Newmont Australia Limited, $447,631 relates to GST receivables, $155,298 relates to fuel rebates and $163,764 relates to refundable stamp duty from Northern Territory Treasury; and

  Of the remaining $643,118 of the Consolidated Entity's other receivables, $175,515 relates to recharges to contractors engaged at the Coyote Gold Project and the Central Tanami Gold Project, $188,635 relates to insurance prepayments, $181,306 relates to a rental bond for the corporate office and the balance of $97,662 relates to miscellaneous receivables. These recharges, prepayments and rental bonds are on commercial terms, and as a result, Management consider that there is minimal risk associated with these amounts.

2. Liquidity Risk

Liquidity risk is the risk that the Consolidated Entity will not be able to meet its financial obligations as they fall due. The Consolidated Entity's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

The Consolidated Entity manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Consolidated 30 June 2010

	Carrying Amount	**Contractual Cash flows**	**6 Months Or Less**	**6-12 Months**	**1-2 Yrs**	**2-5 Yrs**	**More Than 5 Yrs**
Finance lease liabilities	401,569	(454,688)	(85,254)	(85,254)	(284,180)	-	-
Loans	54,835,392	(54,835,392)	(54,835,392)	-	-	-	-
Trade and other payables	7,600,478	(7,600,478)	(7,600,478)	-	-	-	-
	62,837,439	(62,980,558)	(62,521,124)	(85,254)	(284,180)	-	-

All of the Company's loans were repaid on 23 August 2010.

It is not expected that the cash flows included in this maturity analysis could occur significantly earlier, or at significantly different amounts.

31. FINANCIAL RISK MANAGEMENT (continued)

Consolidated 30 June 2009

	Carrying Amount	Contractual Cash flows	6 Months Or Less	6-12 Months	1-2 Yrs	2-5 Yrs	More Than 5 Yrs
Finance lease liabilities	45,030	(45,621)	(45,621)	-	-	-	-
Loans	6,184,195	(6,184,195)	(6,184,495)	-	-	-	-
Trade and other payables	6,366,289	(6,366,289)	(6,366,289)	-	-	-	-
	12,595,514	(12,596,105)	(12,596,105)	-	-	-	-

3. Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Consolidated Entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

4. Currency Risk

The Consolidated Entity currently has Hong Kong dollar denominated debt with an Australian dollar equivalent of $11,651,063 as at 30 June 2010 and therefore has exposure to movements in the Hong Kong dollar/Australian dollar exchange rate.

The carrying amount of the Consolidated Entity's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Liabilities		Assets	
	2010 (AUD)	2009 (AUD)	2010 (AUD)	2009 (AUD)
Australian dollar carrying amount at Hong Kong dollar denominated liabilities	11,651,063	6,184,195	-	-

All of the Consolidated Entity's loans (including the Hong Kong dollar denominated debt) were repaid on 23 August 2010.

Sensitivity analysis – exchange rates

The following sensitivity is based on the foreign currency risk exposures in existence at the balance sheet date.

At 30 June 2010, if exchange rates had moved, as illustrated in the table below, the loan payable would be affected as follows:

	Consolidated	
	2010 (AUD)	2009 (AUD)
Judgements of reasonably possible movements		
AUD/HKD + 5%		
Loan higher/(lower)	(554,813)	(294,485)
AUD/HKD - 5%		
Loan higher/(lower)	582,553	325,484

5. Interest Rate Risk

The Consolidated Entity is exposed to interest rate risk (primarily on its cash and cash equivalents), which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rate on interest-bearing financial instruments. The Consolidated Entity does not use derivates to mitigate these exposures.

	Consolidated Carrying Amount	
	2010	2009
Fixed rate instruments		
Finance lease liability	401,569	45,030
Loans*	54,835,392	6,184,195
	55,236,960	6,229,225

	Consolidated Carrying Amount	
	2010	2009
Variable rate instruments		
Cash and cash equivalents	6,728,829	1,157,195
Other receivables**	10,268,518	2,215,000
	16,997,347	3,372,195

* All of the Consolidated Entity's loans were repaid on 23 August 2010.
** Other receivables which are variable rate instruments are the term deposits placed in support of environmental performance bonds lodged with the Minister of State Development (WA) $2,190,000 (2009: $2,215,000) and with Newmont Australia Limited $8,078,518 (2009: nil). The term deposits mature on a monthly basis and their value is dependent on a variable interest rate.

Fair value sensitivity analysis for fixed instruments

The Consolidated Entity does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

A change of 100 basis points in interest rates would have increased or decreased the Consolidated Entity's equity by $169,973 (2009: $33,722).

31. FINANCIAL RISK MANAGEMENT (continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2009.

30 June 2010

	Profit or loss		Equity	
	100bp increase	**100bp decrease**	**100bp increase**	**100bp decrease**
Interest income on cash balance	67,288	(67,288)	67,288	(67,288)
Interest income on other receivables (term deposits)	102,685	(102,685)	102,685	(102,685)
Cash flow sensitivity (net)	169,973	(169,973)	169,973	(169,973)

30 June 2009

	Profit or loss		Equity	
	100bp increase	**100bp decrease**	**100bp increase**	**100bp decrease**
Interest income on cash balance	11,572	(11,572)	11,572	(11,572)
Interest income on other receivables (term deposits)	22,150	(22,150)	22,150	(22,150)
Cash flow sensitivity (net)	33,722	(33,722)	33,722	(33,722)

6. Fair Value

Fair value versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

Consolidated	30 June 2010		30 June 2009	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Cash and cash equivalents	6,728,829	6,728,829	1,157,195	1,157,195
Other receivables	11,823,382	11,823,382	3,183,270	3,183,270
Derivatives	4,020,000	4,020,000	-	-
Trade and other payables	7,600,478	7,600,478	6,366,289	6,366,289
Finance lease liabilities	401,569	401,569	45,030	45,030
Loans	54,835,392	54,835,392	6,184,195	6,184,195

7. Fair Value Hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

30 June 2010	Level 1	Level 2	Level 3	Total
Derivative financial assets	-	-	4,020,000	4,020,000

Refer to note 6 for details on movement in fair value during the period.

8. Commodity Price Risk

The Consolidated Entity is a gold producer and has exposure to the Gold price. The Consolidated Entity operates so as to remain exposed to fluctuations in the gold price as is the current industry practice. The Consolidated Entity does not have any gold hedging contracts.

The Consolidated Entity manages its exposure to commodity price risk by:

- Actively monitoring gold prices on a daily basis;
- Actively engaging with industry experts to assess and review forecast gold price movements, which are taken into consideration when decisions are made to sell gold produced; and
- Entering into swap arrangements based on advice from industry experts which provides the Consolidated Entity with opportunities to leverage into favourable gold price movements prior to completion of the refining process.

Sensitivity analysis - gold price

	Consolidated	
	2010	**2009**
Judgements of reasonably possible movements		
Gold Price + 50.00 AUD per ounce		
- Net profit/ loss for the year higher/(lower)	2,314,004	(1,313,227)
- Total equity higher/(lower)	(2,314,004)	1,313,227
Gold Price - 50.00 AUD per ounce		
- Net profit/ loss for the year higher/(lower)	(2,314,004)	1,313,227
- Total equity higher/(lower)	2,314,004	(1,313,227)

31. FINANCIAL RISK MANAGEMENT (continued)

9. Capital Management

The Consolidated Entity's objectives when managing capital are to safeguard the Consolidated Entity's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Consolidated Entity may return capital to shareholders, issue new shares or sell assets to reduce debt. The Consolidated Entity's focus has been to raise sufficient funds through equity to fund development, exploration and evaluation activities.

There were no changes in the Consolidated Entity's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

10. Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Consolidated Entity's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Consolidated Entity's operations.

The Consolidated Entity's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Consolidated Entity's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Consolidated Entity standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

32. PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ended 30 June 2010 the parent company of the Consolidated Entity was Tanami Gold NL.

	Company	
	2010	**2009**
Result of the parent entity		
Profit/(loss) for the period	353,667	(21,029,451)
Total comprehensive income for the period	353,667	(21,029,451)
Financial position of parent entity at year end		
	2010	**2009**
Current assets	2,525,331	411
Total assets	75,568,777	26,121,551
Current liabilities	54,987,209	6,184,195
Total liabilities	54,987,209	6,184,195
	2010	**2009**
Total equity of the parent entity comprising of:		
Issued capital	183,469,346	183,469,346
Accumulated losses	(163,764,772)	(164,118,439)
Share based payment reserve	876,994	586,449
Total Equity	20,581,568	19,937,356

1. In the opinion of the directors of Tanami Gold NL ("the Company"):

   (a) the consolidated financial statements and notes and the Remuneration report set out in note 13 in the Directors' report are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2010 and of its performance for the financial year ended on that date; and

      (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2010.

3. The directors draw attention to Note 1(b) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors.

G J Sloan
Managing Director/CEO

Dated at West Perth this 30th day of September 2010.

KPMG

Independent auditor's report to the members of Tanami Gold NL

Report on the financial report

We have audited the accompanying financial report of the Group comprising Tanami Gold NL (the Company) and the entities it controlled at the year's end or from time to time during the financial year , which comprises the consolidated statement of financial position as at 30 June 2010, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 32 and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1b, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(b).

Report on the remuneration report

We have audited the Remuneration Report included in Note 13 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Tanami Gold NL for the year ended 30 June 2010, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Trevor Hart
Partner

Perth

30 September 2010