



**ABN 51 000 617 176**

**2014 ANNUAL REPORT**

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## CHAIRMAN'S STATEMENT

I am pleased to present to Shareholders the Annual Report of Tanami Gold NL for the year ended 30 June 2014.

Shareholders will recall that, in April 2013, the Company placed its Coyote mine on care and maintenance. With the benefit of hindsight, this has proven to be a very wise Board decision. As a consequence of that decision, the Company also made most of its workforce and management redundant. This has reduced the Company's very high operating costs to a more realistic level. The Company's Perth Office has also been relocated at an annual saving in excess of \$500,000.

The Company is now managed by a Committee of non-executive directors supported by core professional staff. Every cost area is being closely examined and further reductions made where possible. The monthly cost of care and maintenance has, as a result, been substantially reduced from the previous Management's forecasts. Exhaustive cash flow forecasting has also been carried out and many discussions have been held with potential investors and joint venture partners to secure future development. The Company has been exploring various fund raising strategies and will continue to do so. A successful Renounceable Rights Issue was made during the year.

Your Board of Directors proceeded with a new drilling programme at the Company's Kavanagh deposit with the objective of determining if the economic case could be made for mining Kavanagh, as had been strongly advised by previous Management. Regrettably, that program was not successful and the Company has decided not to carry out any further exploration or mining at its Western Tanami tenements.

Since the end of the financial year, the Company has entered into an Agreement for the lease of the Company's processing Plant at Coyote. On 7 July 2014, the Company announced that it had reached an agreement with ABM Resources NL ('ABM') to lease the Coyote Gold Plant, associated infrastructure and underlying mining leases. Subject to some conditions precedent, this transaction is due to be completed in December, 2014.

The further exploration of the Company's Groundrush deposit and its other tenements at Central Tanami therefore is now the focal point of the Company's near-term strategy, and accordingly, exploration is being stepped up in this area. This exploration will be targeted and cost effective.

The repayment date of the Company's unsecured loan from Sun Hung Kai International Bank (Brunei) Limited is being further extended to 31 March, 2016. The letter of support from AP Finance remains in place.

I would like to thank my fellow Directors, our Management team and our Shareholders for their continuing support during the year.



**Gerard McMahon**

**Chairman**

## Coyote Mine

During the year the decision was made to proceed with a drilling program on the Kavanagh Resource, located adjacent to the Coyote Mine. The objective of this program was to determine if an economic case could be made for mining Kavanagh. Drilling failed to expand the Resource and provide an economic case to justify mining at Kavanagh. Accordingly, the Coyote Mine was placed on long term care and maintenance.

## Regional Exploration

During the last 12 months the direction of exploration within the company has undergone a significant change, as the company completed its transition from a mining and exploration company to purely an exploration company. While this transition has resulted in a reduction in exploration staff it has also allowed the main focus to move towards exploring our regional tenements without the pressures of locating additional mill feed.

Much of the field exploration activities this year have been focused on evaluating greenfield targets with a range of surface exploration techniques (prospecting, soil sampling, biogeochemical sampling, XRF and ASD field analysis). The incorporation of this work into existing data has resulted in several drilling targets being identified within the Company's Northern Territory tenements, with drilling scheduled for the final quarter of 2014.

Another key aspect of this year's exploration strategy was the implementation of a technical review of the entire tenement package (4,334 square kilometres). The review identified a total of 15 tenements (totalling 1,400 square kilometres) within Western Australia of lower prospectivity, with the decision made to relinquish them.

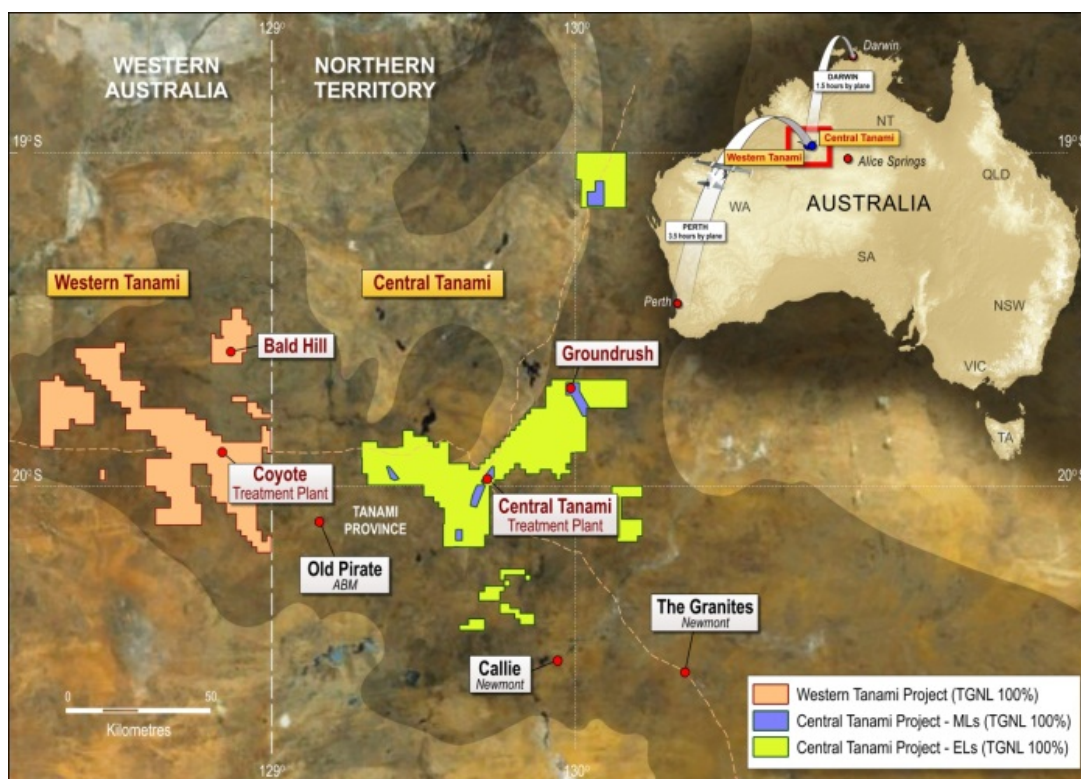


Figure 1: Tenement Location Plan

## Western Australia

For much of the year exploration within the West Australian tenements was focused on limited low-cost surface exploration, while the companywide technical review was carried out. Surface exploration programs were conducted across several tenements during the year, with a total of 1,100 samples taken. The results are discussed below.

Sampling conducted in the east of E80/4006 and E80/3665 involved reconnaissance surface sampling over the area where sparse drill lines had low level gold anomalism proximal to a major regional structure interpreted from magnetic images. There were no significant results and this area of the tenement was subsequently relinquished.

Reconnaissance soil sampling was conducted in E80/1483, the target covered an area centred approximately 4km northwest of the Coyote Mine site with only sparse historic post-hole drilling and rock chip sampling. The sampling spacing was closed up on existing anomalous trends with the sampling failing to return any significant gold results, however cobalt, copper and molybdenum anomalism over 2km strike was defined along one of the magnetic trends.

A North Bald Hill soil sampling program was designed to target poorly tested parts of the prospective Bald Hill member unit which hosts the Kookaburra and Sandpiper gold deposits. Sampling spacing was closed up near historical geochemical anomalism with low order anomalous. Sampling identified widespread but sporadic low level gold anomalism.

Reconnaissance surface sampling programs were undertaken over sparsely explored areas on E80/1481, E80/1679, E80/1905 and E80/3665. There were no significant results defined.

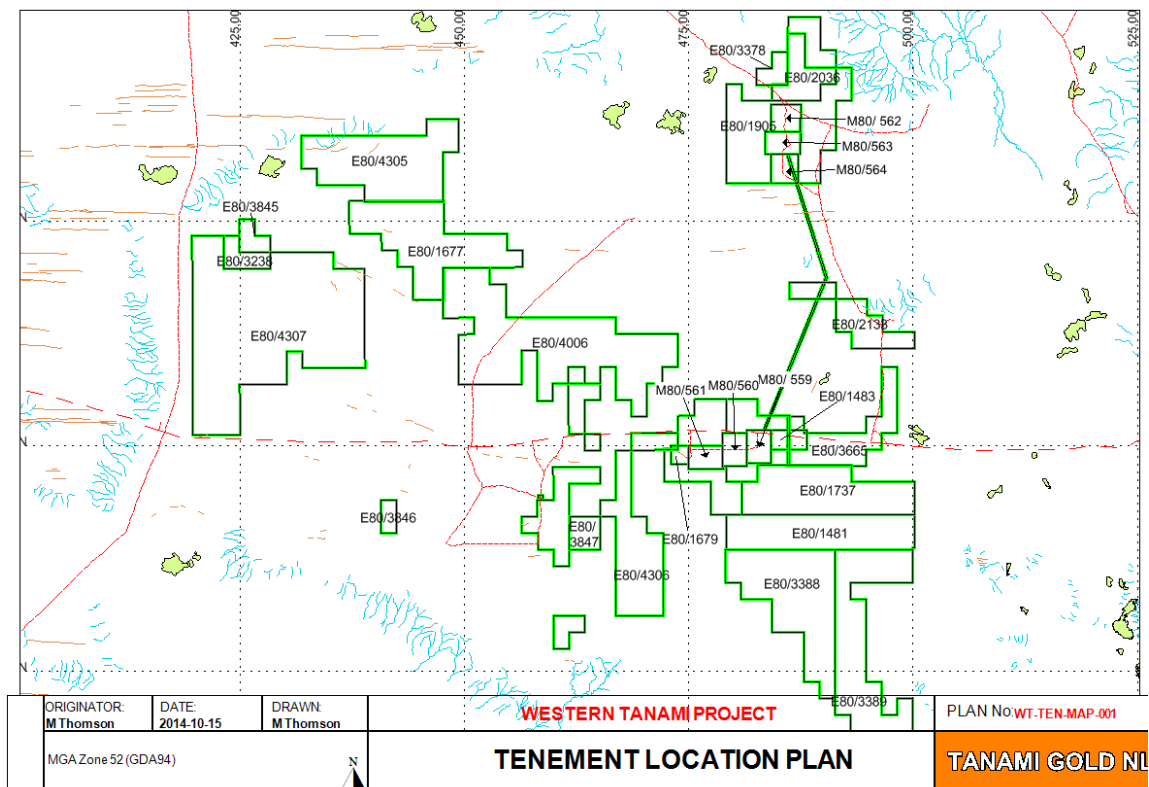


Figure 2: Western Tanami Location Map

## Northern Territory

The outcome of our exploration review confirmed the high prospectivity of the Central Tanami tenor for hosting major gold deposits, resulting in the shift in exploration to focus predominately on the Company's Central Tanami tenements going forward. To date, four high priority areas within the Central Tanami tenements have been identified, these are Jims, Groundrush, Cave Hills and Beaver Creek Project Areas (Figure3).

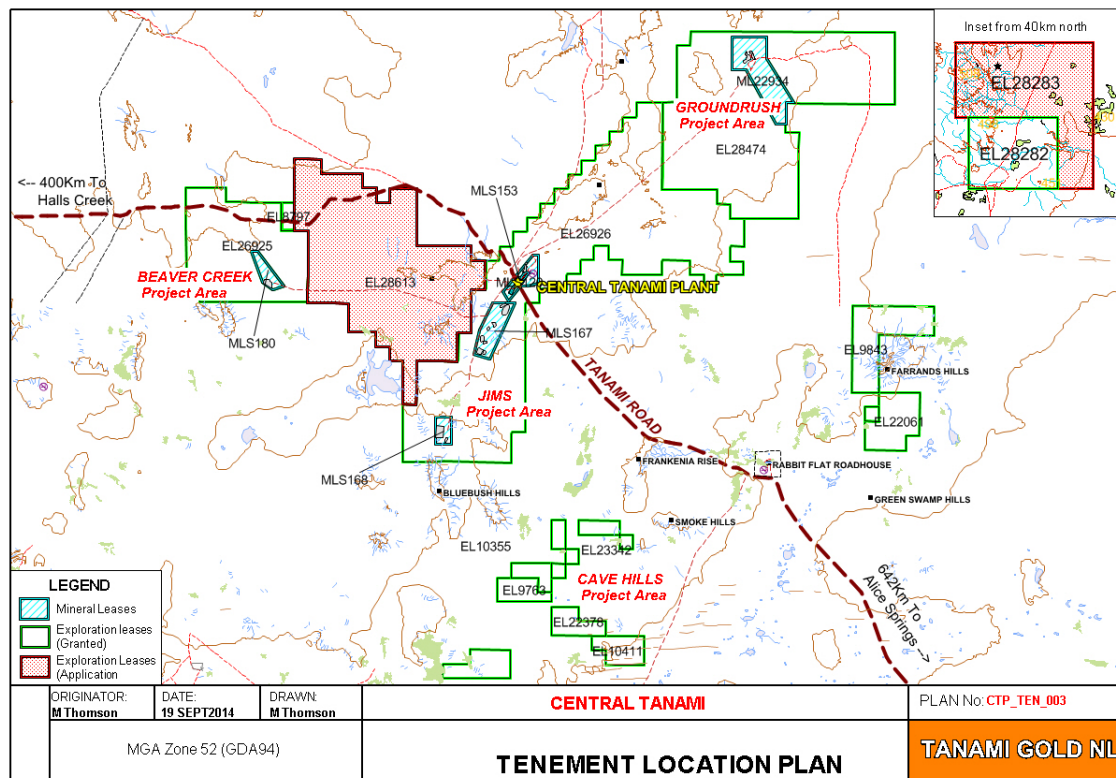


Figure 3: Central Tanami Location Plan

Exploration has progressed steadily in these areas with geologic mapping, surface soil, XRF analysis and detailed reviews of historic data. This work has generated several targets across the four main areas with a RAB drill program approved to focus on two main targets at Cave Hills and Jims South, with minor programs at Groundrush and Beaver included.

Additional targets are anticipated to be generated from a tenement wide target ranking exercise scheduled for the first quarter of 2015; any proposed drilling from this work is planned for mid-2015 post the wet season.

### CAVE HILLS

In 2012 and 2013, TGNL carried out soil sampling programs that identified several large low level anomalies, the largest of which is a 3km by 1 km anomaly that is covered by Aeolian sand. The region is interpreted to contain several important geological features that are important for gold mineralisation in the Tanami (near major crustal faults, in proximity to granitic intrusions, and lithology's amenable to gold deposition).

### JIMS SOUTH

This target initially came into focus through the identification of mineralised structures during field reconnaissance south east of the existing Jims Open pit (116Koz recovered). A detailed field assessment and data review identified an alternate geological interpretation that suggested the potential for further

mineralisation to the southeast of the existing Jims Pit along an interpreted fault. The objective of this drilling program is to test this concept while also identifying the source of a broad alteration halo identified at surface.

### **BEAVER DEPOSIT**

The drilling at the Beaver Deposit is focused around an exceptional gold intersection in BVR0033 drilled in early 2013 (**16m @ 7.0 g/t Au**, 11 metres from surface, *refer to 2013 March Quarterly Report*). The mineralisation is located 100m southeast of the current Beaver Pit, with a focused drilling program planned to confirm the orientation of the mineralisation which could have a positive impact on the economics of a cutback on the existing pit. A broader project review is ongoing with any regional programs expected to be carried out in the 2015 drill season.

### **GROUND RUSH**

The Groundrush deposit is on Mining Lease ML22934 which is located approximately 40 kilometres northeast of the CTP treatment plant. Between 2001 and 2004 Newmont Mining Ltd mined 611,000 ounces through open pit methods at an average grade of 4.30g/t Au. Tanami Gold acquired the Deposit in March in 2010 and has defined over 1 million ounces of Resources to date.

Geologic and regolith mapping and surface exploration (XRF, soil sampling) of the ground surrounding the Groundrush Deposit is currently in progress. Preliminary field mapping has identified an outcropping vein identified to the east of the existing Groundrush Deposit that has evidence of mineralisation. This vein will also be tested with a targeted drilling program in the last Quarter of 2014.

It is expected that further exploration targets from this review will be tested during our next drilling campaign scheduled for mid-2015 (after the wet season).

**Table 1: Tanami Gold NL Mineral Resources as at 30 April 2014**

Project	Resource Category											
	Measured			Indicated			Inferred			Total		
	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces
		g/t Au			g/t Au			g/t Au			g/t Au	
WTP	482,000	2.8	44,000	1,079,000	6.0	208,000	1,446,000	5.8	271,000	2,931,000	5.6	523,000
CTP	6,730,000	3.0	648,000	9,491,000	3.0	954,000	9,279,000	3	1,022,000	25,500,000	3	2,625,000
Sub Total	7,212,000	3.0	692,000	10,570,000	3.4	1,162,000	10,725,000	3.7	1,293,000	28,431,000	3.4	3,148,000
CTP Stockpile	1,700,000	0.9	48,000							1,700,000	0.9	48,000
<b>Total</b>	<b>8,912,000</b>	<b>2.6</b>	<b>740,000</b>	<b>10,570,000</b>	<b>3.4</b>	<b>1,162,000</b>	<b>10,725,000</b>	<b>3.7</b>	<b>1,293,000</b>	<b>30,131,000</b>	<b>3.3</b>	<b>3,196,000</b>

**Notes to accompany Table 1**

1. WTP is Western Tanami Prospect and CTP is Central Tanami Project.
2. Resource estimations completed using MineMap, Vulcan, Surpac, Datamine and Micromine software packages comprising a combination of ellipsoidal inverse distance and ordinary kriging grade interpolation methods.
3. Variable gold assay top cuts were applied based on geostatistical parameters and historical production reconciliation.
4. Resources reported above relevant cut-offs based on economic extractions, varying between 0.7g/t Au and 5.0g/t Au block model grade.
5. Stockpile figures from previously reported Otter Gold Mines NL 2001 Mineral Resource estimate less recorded treatment by Newmont Asia Pacific.
6. Tonnes and ounces rounded to the nearest thousand and grade rounded to 0.1g/t Au. Rounding may affect tallies.
7. The information in this report pertaining to Mineral Resources for the Central Tanami Project was compiled by Mr Bill Makar (MAusIMM), Consultant Geologist – Tanami Gold NL, Mr Michael Thomson (MAusIMM), Principal Geologist for Tanami Gold NL, Mr Steven Nicholls (MAIG), former Senior Geologist for Tanami Gold NL, Mrs Claire Hillyard (MAusIMM), Resource Geologist for Tanami Gold NL, Mr Mark Drabble (MAusIMM) – Principal Consultant Geologist, Optiro Pty Ltd and Mr Peter Ball (MAusIMM), Director of Datageo Geological Consultants. Mr Makar, Mr Thomson, Mr Nicholls, Mrs Hillyard, Mr Drabble and Mr Ball have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as Competent Persons as defined in the December 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Makar, Mr Thomson, Mr Nicholls, Mrs Hillyard, Mr Drabble and Mr Ball consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.
8. The dates referred to in this table titles (30<sup>th</sup> April 2014) represent the date of the most recent update of a Resource within this table.

**Table 2: Central Tanami Project Mineral Resources as at 1 January 2013**

Mineral Lease	Resource Category											
	Measured			Indicated			Inferred			Total		
	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces
MLS153	1,051,000	2.2	73,000	3,046,000	2.2	217,000	849,000	2.7	74,000	4,946,000	2.3	365,000
MLS167	2,709,000	3.4	293,000	2,613,000	2.9	244,000	2,050,000	2.9	191,000	7,372,000	3.1	728,000
MLS168	854,000	2.2	60,000	314,000	1.6	16,000	1,094,000	1.6	58,000	2,262,000	1.8	133,000
MLS180	545,000	3.3	57,000	872,000	2.7	76,000	269,000	2	18,000	1,685,000	2.8	151,000
MLSA172	1,096,000	2.7	96,000	176,000	1.8	10,000	142,000	2.7	12,000	1,415,000	2.6	119,000
ML22934	475,000	4.5	69,000	2,470,000	4.9	391,000	4,875,000	4.25	669,000	7,820,000	4.49	1,129,000
Sub Total	6,730,000	2.99	648,000	9,491,000	3.13	954,000	9,279,000	3.43	1,022,000	25,500,000	3.20	2,625,000
Stockpiles	1,700,000	0.9	48,000							1,700,000	0.9	48,000
<b>Total</b>	<b>8,430,000</b>	<b>2.6</b>	<b>696,000</b>	<b>9,491,000</b>	<b>3.1</b>	<b>954,000</b>	<b>9,279,000</b>	<b>3.4</b>	<b>1,022,000</b>	<b>27,200,000</b>	<b>3.1</b>	<b>2,673,000</b>



**Notes to accompany Table 2**

1. Resource estimations completed using MineMap, Vulcan and Micromine software packages comprising a combination of ellipsoidal inverse distance and ordinary kriging grade interpolation methods.
2. Grade estimation was constrained to material within >0.7g/t mineralisation outlines.
3. Variable gold assay top cuts were applied based on geostatistical parameters and historical production reconciliation.
4. Resources reported above 0.7g/t block model grade.
5. Resources reported above 1.0g/t block model grade.
6. Stockpile figures from previously reported Otter Gold Mines NL 2001 Mineral Resource estimate less recorded treatment by Newmont Asia Pacific.
7. Tonnes and ounces rounded to the nearest thousand and grade rounded to 0.1g/t. Rounding may affect tallies.
8. The information in this report pertaining to Mineral Resources for the Central Tanami Project was compiled by Mr Bill Makar (MAusIMM), Consultant Geologist – Tanami Gold NL, Mr Michael Thomson (MAusIMM), Principal Geologist for Tanami Gold NL, Mr Steven Nicholls (MAIG), former Senior Geologist for Tanami Gold NL, Mrs Claire Hillyard (MAusIMM), Resource Geologist for Tanami Gold NL and Mr Peter Ball (MAusIMM), Director of Datageo Geological Consultants. Mr Makar, Mr Thomson, Mr Nicholls, Mrs Hillyard and Mr Ball have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as Competent Persons as defined in the December 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Makar, Mr Nicholls, Mrs Hillyard and Mr Ball consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.
9. ML22934 Resource consists of two Resources - Groundrush Deposit (6.7million tonnes at 4.8g/t for 1,040,000) and Ripcord Deposit (1.1 Million tonnes at 2.5g/t for 89,000oz).
10. The dates referred to in this table titles (1<sup>st</sup> January 2013) represent the date of the most recent update of a Resource within this table.

**Table 3: Western Tanami Project Mineral Resources as at 30 April 2014**

Deposit	Resource Category											
	Measured			Indicated			Inferred			Total		
	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces
		g/t Au			g/t Au			g/t Au				
Coyote	25,000	23.6	19,000	338,300	11.7	127,000	382,500	12.3	151,000	669,000	13.8	297,000
Sandpiper	27,000	3.3	3,000	455,000	4.1	59,000	635,000	4.4	90,000	1,117,000	4.2	152,000
Kookaburra	55,000	2.6	5,000	286,000	2.4	22,000	353,000	2.1	24,000	694,000	2.3	51,000
Pebbles							76,000	2.5	6,000	76,000	2.5	6,000
Stockpiles	375,000	1.4	17,000							375,000	1.4	17,000
<b>Total</b>	<b>482,000</b>	<b>2.8</b>	<b>44,000</b>	<b>1,079,300</b>	<b>6.0</b>	<b>208,000</b>	<b>1,446,500</b>	<b>5.8</b>	<b>271,000</b>	<b>2,931,000</b>	<b>5.6</b>	<b>523,000</b>

**Notes to accompany Table 3:**

1. The Western Tanami Project Resource estimations were completed using Micromine, Surpac and Datamine software, comprising inverse distance grade interpolation within block models constrained by 3D wireframed geological boundaries. The wireframes defining the mineralisation were based on structural, assay and lithological information.
2. Various top cuts have been applied to the drill hole samples based on lode domain analysis. Where top cuts were applied they ranged from 35g/t for Sandpiper, a range of 100-250g/t for Coyote and 100 gram metres for Kavanagh.
3. The Mineral Resource Estimate is reported at a 2.0g/t Au lower cut-off for Coyote, a 5.0g/t Au Cut-off for Kavanagh and 1.0g/t for the remaining Resources.
4. Tonnes and ounces of gold are rounded to significant figures and grade is rounded to the nearest 0.1g/t Au. Rounding may affect tallies. Stockpile ounces rounded to nearest hundred.
5. Resource estimation for the Muttley and Kavanagh lodes was completed by Michael Thomson, full time employee and Principal Geologist of Tanami Gold, the resource estimation of the remaining Coyote and Sandpiper deposits was completed by Mr Steven Nicholls, former Senior Geologist of Tanami Gold NL. The Kookaburra Resource estimation was conducted by Mr Peter Ball, Director of Datageo Geological Consultants. The Pebbles Resource estimate was completed in 2007 by Mr Malcolm Titley of CSA Australia Pty Ltd.
6. Mr Thomson, Mr Nicholls (MAIG), Mr Ball (MAusIMM) and Mr Titley (MAusIMM, MAIG) qualify as Competent Persons as defined by the December 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) and consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.
7. The resource presented in this table has not been depleted by 7,675 ounces mined between January 2013 and June 2013 from the Coyote Mine.
8. The dates referred to in this table titles (30<sup>th</sup> April 2014) represent the date of the most recent update of a Resource within this table.

**Competent Person's Statement**

*The information in this report that relates to all Mineral Resources other than the Kavanagh April 2014 Resource is based on information compiled by Mr Michael Thomson, a full time employee and Principal Geologist of Tanami Gold NL. Mr Thomson is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the December 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Thomson consents to the inclusion in this report of the matters based on his information in the form and context in which they appear. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.*

*The information in this report that relates to Kavanagh April 2014 Mineral Resource, Geological Data and Exploration Results is based on, and fairly represents information and supporting documentation compiled by Mr Michael Thomson, a full time employee of Tanami Gold NL. Mr Thomson is a Member of The Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Thomson consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.*

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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 2014 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** – Gerard J McMahon (appointed 23 April 2013 as a Non-Executive Director and Chairman as of 6 June 2013)

Mr Gerard McMahon is admitted as a Barrister in Hong Kong and New South Wales and has been living and working in Hong Kong for over 35 years. He is a Non-Executive Chairman of ASX listed Oriental Technologies Investment Limited (appointed 1999), Non-Executive Director of Hong Kong listed Guangnan (Holdings) Limited (appointed 2000), and Non-Executive Director of Indonesian Investment Fund Limited (appointed 2001) a company listed on the Irish Stock Exchange. Mr McMahon is also a consultant to Asian Capital (Corporate Finance) Limited, a Hong Kong based corporate finance and advisory firm which he co-founded. Over the past 30 years, Mr McMahon has been a Director of other listed Companies in the Asia Pacific region which are involved in the banking, manufacturing, retailing, information technology, medical, telecoms & mining industries. Mr McMahon's past experience includes extensive involvement in Hong Kong's Securities and Futures Commission as Chief Counsel, Member and Executive Director and is specialised in Hong Kong company law, securities and banking law and takeovers and mergers regulations.

Special responsibilities - Member of the Audit Committee and the Remuneration and Nomination Committee.

**Non-Executive Director** – Arthur G Dew, B.A., L.L.B. (appointed 2 December 2011)

Mr Arthur Dew is a non-practising Barrister with a broad range of corporate and business experience and has served as a Director, and in some instances Chairman of the Board of Directors, of a number of publicly listed companies in Australia, Hong Kong and elsewhere. He is Non-Executive Director and Chairman of Allied Group Limited; a Hong Kong listed company which is indirectly Tanami Gold NL's largest shareholder. Mr Dew is also Non-Executive Director and Chairman of Hong Kong listed company, Allied Properties (H.K.) Limited and is a Non-Executive Director of SHK Hong Kong Industries Limited. Mr Dew was appointed a Non-Executive Director of ASX listed Eurogold Limited on 23 October 2012 and as a Non-Executive Director and Chairman of Dragon Mining Limited on 7 February 2014.

Special responsibilities – Mr Dew was a Member of the Audit Committee and the Remuneration and Nomination Committee until 6 June 2013.

**Non-Executive Director** – Carlisle C Procter, B.Ec, M.Ec, FFin, (appointed 9 December 2011)

Mr Carlisle Procter graduated from the University of Sydney with a Bachelor's Degree and a Master's Degree in Economics. He is a fellow of the Financial Services Institute of Australasia (FFin.). Based in Australia, Mr Procter worked in the Reserve Bank of Australia for over 30 years, holding various senior management positions. Since leaving the Reserve Bank, he has worked as a consultant to the International Monetary Fund and the Asian Development Bank and has also undertaken private consulting work in the Philippines, Indonesia and Papua New Guinea in the areas of bank supervision, anti-money laundering and corporate governance respectively. Mr Procter has been a Non-Executive Director of a number of public companies. He was appointed a Non-Executive Director of ASX listed Eurogold Limited on 29 November 2012.

Special responsibilities – Chairman of the Audit Committee and Member Remuneration and Nomination Committee.

**Non-Executive Director** – Brett Montgomery (appointed 6 February 2013)

Mr Brett Montgomery has extensive experience in the management of publicly listed mining companies having previously been the Managing Director of Kalimantan Gold NL, a Director of Grants Patch Mining Limited and Chairman and Joint Managing Director of Eurogold Limited. Mr Montgomery was appointed a Non-Executive Director of Magnum Gas and Power Limited on 9 October 2008.

Special responsibilities - Member of the Audit Committee and Chairman of the Remuneration and Nomination Committee.

**Non-Executive Director** – Lee Seng Hui, LL.B. (appointed 5 March 2008; resigned 7 November 2013)

## 2. Company Secretary

**Pauline Collinson** was appointed Company Secretary on 18 July 2013 and has over 25 years' experience in the mining industry.

## 3. Directors' Meetings

Director	Board Meetings		Audit Committee Meetings		Remuneration and Nomination Committee Meetings	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Mr G McMahon	5	5	1	1	1	1
Mr A Dew	5	5	-	-	-	-
Mr C Procter	5	5	1	1	1	1
Mr B Montgomery	5	5	1	1	1	1
Mr SH Lee*	3	3	-	-	-	-
Mr M Wong**	-	-	-	-	-	-

\*Mr SH Lee resigned from the Company on 7 November 2013

\*\*Alternate for Mr Dew

## 4. Nature of Operations and Principle Activities

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

## 5. Operating and Financial Review

### Operating Overview

During the year ended 30 June 2014, Tanami Gold NL was an ASX listed gold exploration company. The Company's exploration centres are situated in the Tanami Desert straddling the Western Australian and Northern Territory border. The Company's Coyote Gold Project ('Coyote'), which was placed on care and maintenance in April 2013, is located in Western Australia and consists of a 350,000 tonnes per annum carbon-in-leach treatment plant and an underground mine. The Company's Central Tanami Project ('CTP') is located in the Northern Territory adjacent to the Tanami Track and approximately 90 kilometres east of Coyote.

Throughout the financial year the Company:

- Focussed on reducing its ongoing care and maintenance costs at Coyote;
- Completed the drilling program at the Kavanagh Resource;
- Successfully recovered 824 ounces of gold through continued clean-up of the Coyote Processing Plant; and
- Continued to undertake a major review of the Company's strategic direction and cost base.

### Coyote Exploration

During the year ended 30 June 2014, the Company carried out a substantial drilling program on the Kavanagh Lodes at Coyote. A total of 12,409 metres of diamond drilling was undertaken from within the existing underground mine, and from the surface, this drilling was completed in March 2014.

The Kavanagh Resource was subsequently updated with the new Resource consisting of 76,800 tonnes at 29.5g/t Au for a total of 72.300 ounces with 11,200 ounces being upgraded to Indicated category. The new Resource estimate represented a substantial decrease in total ounces within the Kavanagh lodes while increasing the Resource grade.

With the completion of the Kavanagh Drilling Program and subsequent Resource update the decision was made that it was not commercially feasible to mine the Kavanagh Resource and to place the Coyote Mine onto a long term care and maintenance status. The reduced state of operations involves maintaining access to the underground mine, maintaining associated dewatering requirements and reducing all other site requirements to a minimum.

### Regional Exploration

Exploration activities have predominately focused on the CTP with work comprising grassroots exploration and broad scale project reviews of historical data. A key outcome of this review was confirmation of the focus on validating the existing surface exploration database and the prioritisation of four regions; Jims South, Groundrush, Cave Hills and Beaver Creek.

Work programs during the year have involved a mixture of surface mapping, soil/rock chip sampling, biogeochemistry, portable XRF analysis (Niton) and portable ASD mineral analysis (Halo) in conjunction with detailed analysis of existing geological information in the respective areas. The trials of the portable XRF (Niton) and ASD (TerraSpec Halo) devices have been to assess their benefit as a low cost early exploration technique to provide improved definition of anomalies before moving towards more traditional (and costly) soil sampling and drilling programs. Initial results suggest that they will provide an improved definition of existing anomalies as well as being valuable in the identification of new anomalies.

### **Consolidated Financial Overview**

The Consolidated Entity generated a total comprehensive loss for the year ended 30 June 2014 of \$19,627,687 (2013: Restated loss \$68,032,870). The latest result was significantly impacted by \$5.10 million of exploration and evaluation expenditure expensed as a result of the Company's voluntary change in accounting policy (Restated 2013: \$24.50 million). The prior year financial statements and notes have been adjusted according to the relevant accounting standards (refer to note 14 in the Notes to the Financial Statements).

During the financial year ended 30 June 2014 the Company also:

- Applied to the WA Department of Mines and Petroleum to join the Mining Rehabilitation Fund ('MRF') leading to the return of its \$2.35 million Coyote rehabilitation bond;
- Completed a fully underwritten pro-rata renounceable Entitlements Issue raising A\$11.75 million (before costs); and
- Made a voluntary prepayment of A\$10.0 million towards its A\$15.0 million unsecured Loan Facility with Sun Hung Kai International Bank (Brunei) Limited ('SHKIBBL'); the net drawdown at 30 June 2014 was \$7.0 million.

Further detail is provided in the Corporate section below.

### **Business Strategies and Prospects**

The Company continues to focus on reducing its care and maintenance fixed costs and overheads and is also in ongoing discussions with a third party regarding a corporate proposal. Further detail is provided in section 9 Events Subsequent to Reporting Date.

### **Risks**

A combination of the fall in the gold price, and some less than satisfactory exploration results at Kavanagh, has seen Tanami Gold NL move from being a gold producer to primarily – at this stage – an exploration company. Significant steps are being taken by the Board in the light of these developments to address the issues at Coyote and to enhance the exploration program at CTP. Whilst the Board is confident that the steps that have been taken are appropriate for the Company, in its present circumstances, there are of course risks and uncertainties. These include, but are not limited to, the risk that the plans for Coyote may not come to fruition and the risk that the exploration programme at the CTP may not produce a commercial outcome.

### **Corporate**

#### **Board Restructure and Management Changes**

On 7 November 2013, the Company's Non-Executive Director Mr Lee Seng Hui resigned.

#### **Sale of investment in ABM Resources NL**

On 26 August 2013, the Company sold its remaining 78,392,301 shares in ABM Resources NL ('ABM') at an average price of 3.4 cents per share receiving approximately \$2.67 million less costs.

#### **Fully underwritten pro-rata renounceable Entitlements Issue**

On 15 November 2013, the Company announced it had reached an agreement with Allied Properties Resources Limited ('APRL') to underwrite a renounceable pro-rata Entitlement Issue ('Issue' or 'Offer') to raise \$11.75 million before costs.

The Issue was made to eligible shareholders at an issue price of 2 cents per share on the basis of 1 new share for every 1 share held.

The Company used the funds raised under the Offer to:

- Fund the Kavanagh Drilling Program;
- Fund the Coyote care and maintenance program and associated costs;
- Pay financing charges under its existing A\$15.0 million unsecured Loan Facility with SHKIBBL;
- Pay expenses of the Issue; and

- Provide additional working capital.

#### **Voluntary A\$10 million prepayment of Loan Facility with Sun Hung Kai International Bank (Brunei) Limited**

Following the Entitlement Issue, the Company made a voluntary prepayment of A\$10.0 million towards its A\$15.0 million unsecured Loan Facility with SHKIBBL. Pursuant to the Company's loan agreement any amount that has been prepaid may be redrawn in accordance with the terms of the loan agreement.

At 30 June 2014, the Company had drawn down A\$7.0 million under its loan facility with SHKIBBL leaving A\$8.0 million in unused funds remaining. Further information is provided in section 9 Events Subsequent to Reporting Date.

#### **Loan Facility with AP Finance Limited**

The Company has an unsecured Loan Facility of approximately A\$12.0 million with AP Finance Limited. No drawdowns have been made against this facility.

#### **Community Relations**

The Company recognises the importance of developing relationships with the Traditional Owners that are based on trust and mutual advantage and of respecting the needs and concerns of the communities located within the regions in which it operates.

The Company has agreements in place with the Traditional Owners and is committed to building strong relationships by:

- Being open and transparent in its communications;
- Improving cross-cultural awareness through training and education;
- Developing community relations management procedures that include business alliances;
- Being sensitive to the values and heritage issues of the local communities; and
- Being a good neighbour.

During the year 2 meetings were held with the Traditional Owners at Central Tanami and in Kalkarindji.

#### **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**

Significant changes to the Company's State of Affairs have been set out in the Operating and Financial Review above and in the Events Subsequent to Reporting Date below.

#### **8. Dividends**

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

#### **9. Events Subsequent to Reporting Date**

On 7 July 2014, the Company announced that it had reached an agreement with ABM Resources NL ('ABM') to lease the Coyote Gold Plant, associated infrastructure and underlying mining leases ('Coyote'). The terms of the lease agreement provides that ABM will pay the Company a licence fee equal to the Company's monthly Coyote care and maintenance costs (but not exceeding \$150,000 in any one month) during the licence term. The agreement also includes pre-emptive rights on the Company's surrounding mineral licences. The proposed leasing arrangements and associated options were approved by shareholders at an Extraordinary General Meeting on 25 August 2014.

Subject to conditions precedent the terms of the lease agreement include:

- A \$2.0 million lease payment made in advance for the first 12 months of production;
- An option to extend the lease for a further 12 months for a further lease payment of \$2.0 million; and
- An option to purchase Coyote for \$3.0 million.

**9. Events Subsequent to Reporting Date (continued)**

On 24 July 2014, the Company drew down an additional A\$2.0 million from its unsecured A\$15.0 million loan facility with SHKIBBL leaving A\$6.0 million undrawn. These funds will be used to:

- Continue to fund the Coyote care and maintenance program and associated costs; and
- Provide additional working capital.

On 7 August 2014, the Company settled by way of Consent Orders the District Court Action, commenced by Australian Resources Contracting Pty. Limited in early 2012 for \$424,144.30 (plus ongoing hire fees, interest and costs), which provided for payment by the Company of \$150,000.

On 2 September 2014, the Company obtained a new legally binding letter of support from AP Finance Limited for the continuation of its offer to provide an unsecured Loan Facility of approximately A\$12.0 million. The Loan Facility repayment date has been extended to 31 March 2016 and the Company has not made any drawdowns (all terms and conditions are consistent with the original letter of support).

On 23 September 2014, the Company received a letter from SHKIBBL agreeing in principle to extend the A\$15.0 million unsecured loan facility repayment date from 31 March 2015 to 31 March 2016 (all terms and conditions are expected to be consistent with the original agreement) subject to contract.

**10. Likely Developments**

As noted in section 9 above, the Company is developing a proposal with ABM Resources NL that could lead, if realised, to the disposal of Coyote and the Western Tanami Tenements. The Company's primary focus will be on strengthening its asset base through intensive Resource and Reserve definition exploration to develop and optimise the Central Tanami Project, which the Company regards as its principle resource.

**11. Directors' Interests**

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

Directors	Relevant Interest of Directors in Securities of Tanami Gold NL	
	Fully Paid Shares	Unquoted Options
Mr G McMahon	-	-
Mr A Dew	-	-
Mr C Procter	-	-
Mr B Montgomery	20,000,000	-

**12. Share Options**

**Options granted to Directors and Executives of the Company**

During or since the end of the financial year, the Company has not granted any options over unissued ordinary shares in the Company to any of the directors as part of their remuneration.

**Unissued shares under option**

At the date of this report the unissued ordinary shares in the Company under option are:

Number	Type	Exercise Price	Expiry Date
*300,000	Unquoted	\$1.34	21 December 2016
**212,500	Unquoted	\$0.90	28 March 2017
**200,000	Unquoted	\$1.00	28 March 2017
<b>712,500</b>			

\* The 300,000 options granted to Mr Alan Senior, a former Director of the Company will expire on 21 December 2016 and not before.

\*\* The options expire on the earlier of their expiry date or six months from the date on which the option holder's employment with the Company is terminated, subject to the Board of Directors waiving this condition. These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

## 12. Share Options (continued)

During the year, the following options were forfeited due to performance criteria not being achieved or cessation of employment.

Exercise Price	Number of Options	Grant Date	Expiry Date
\$0.90	1,762,500	29 March 2012	28 March 2017
\$1.00	62,500	29 March 2012	28 March 2017

### Shares issued

Since the end of the financial year, there were no shares issued.

### Shares issued on exercise of options

During the financial year no shares were issued by the Company as a result of the exercise of options.

## 13. Remuneration Report – audited

Remuneration is referred to as compensation throughout this report.

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and the Consolidated Entity. Key management personnel comprise the directors of the Company and executives of the Company and the Consolidated Entity.

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 compensation structures explained below 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 a general meeting.

The Board has no established retirement or redundancy schemes.

### 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 through a process that considers individual performance and the overall performance of the Consolidated Entity.

### 13.1.2 Performance-linked Compensation (short-term incentive bonus)

Performance linked compensation includes both short-term and long-term incentives, and is designed to reward senior executives for meeting or exceeding their financial and personal objectives.

The Company has not paid any performance linked short-term incentives to key management personnel during the financial year ended 30 June 2014.

### 13.1.3 Equity-based Compensation (long-term incentive bonus)

The Company has in place an Option and Performance Rights Plan. Options may only be issued to directors subject to approval by shareholders in a general meeting.

The Remuneration and Nomination Committee uses equity-based long-term incentives (LTIs) where appropriate 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.

LTIs shall be in such form and content and with such terms and conditions as the Board determines, including exercise price, vesting conditions, disposal conditions and terms of expiry.



**13. Remuneration Report – audited (continued)**

**13.1.3 Equity-based Compensation (long-term incentive bonus) (continued)**

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 (subject to the exercise of discretion by the Board) 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.

On 20 September 2012 the Company introduced 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. Entering into such arrangements has been prohibited by law since 1 July 2011.

**13.1.4 Consequences of Performance on Shareholder Wealth**

The Company continues to focus on enhancing shareholder value through the developments at Coyote outlined previously, and through an ongoing commitment to exploration aimed at increasing the Company's Resource inventory at its Central Tanami Project. The Company has reduced its workforce and remuneration in the process of restructuring the remuneration program. Remuneration has been restructured to minimise the ongoing costs incurred by the Company whilst it works through the options at Coyote, and continues to develop the exploration programme at CTP. To assist shareholders in assessing the Consolidated Entity's performance and benefits for shareholder wealth, the Company reports the following data for the current financial year and the previous four financial years:

	<b>2014</b>	<b>*Restated 2013</b>	<b>*Restated 2012</b>	<b>*Restated 2011</b>	<b>*Restated 2010</b>
*Restated loss attributable to owners of the Company	(\$19,627,687)	(\$68,032,870)	(\$27,162,014)	(\$19,313,174)	(4,891,794)
Dividends paid	-	-	-	-	-
Share price as at 30 June	\$0.016	\$0.054	\$0.730	\$0.895	\$0.041

The Restatement stems from the Company's voluntary change in accounting policy, as outlined in note 14 to the Financial Statements.

**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.

*Mrs Pauline Collinson – Company Secretary*

Mrs Collinson is employed on a contract basis as Company Secretary. The arrangement can be terminated by either party without notice and without a termination payment. Mrs Collinson has been Company Secretary since 18 July 2013.

No remuneration consultants were engaged by the Company during the year.

**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 not established retirement or redundancy schemes in relation to non-executive directors. During the year two of the Non-Executive Directors, Mr Gerard McMahon and Mr Brett Montgomery, each assumed significantly expanded roles in the day-to-day running of the Company.

**TANAMI GOLD NL**  
**DIRECTORS' REPORT CONTINUED**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**13. Remuneration Report – audited (continued)**

**13.3 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	Termination Benefits	Share Based Payments	Total Remuneration	Proportion of Remuneration Related %	Value of Options as a Proportion of Total Remuneration
		Salary & Fees	Accrued Remuneration	Other Long Term Benefits	STI Cash Bonuses	Non Monetary Benefits	Super-annuation Benefits		Calculated Value of Options (Non Cash)			
<i>In dollars</i>												
<b>Directors</b>		\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
G McMahon (Non-Executive Chairman)	2014	93 750	-	-	-	-	8 672	-	-	102 422	-	-
	2013	12 000	-	-	-	-	1 080	-	-	13 080	-	-
A Dew (Non-Executive Director)	2014	32 500	-	-	-	-	3 006	-	-	35 506	-	-
	2013	73 333	-	-	-	-	6 600	-	-	79 933	-	-
C Procter (Non-Executive Director)	2014	44 583	-	-	-	-	4 124	-	-	48 707	-	-
	2013	55 000	-	-	-	-	4 950	-	-	59 950	-	-
B Montgomery (Non-Executive Director)	2014	103 750	-	-	-	-	-	-	-	103 750	-	-
	2013	21 154	-	-	-	-	-	-	-	21 154	-	-
<b>Former Directors</b>												
SH Lee (i) (Non-Executive Director)	2014	13 750	-	-	-	-	1 272	-	-	15 022	-	-
	2013	55 000	-	-	-	-	4 950	-	-	59 950	-	-
<b>Total all specified Directors</b>	<b>2014</b>	<b>288 333</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17 074</b>	<b>-</b>	<b>-</b>	<b>305 407</b>	<b>-</b>	<b>-</b>
	<b>2013</b>	<b>216 487</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17 580</b>	<b>-</b>	<b>-</b>	<b>234 067</b>	<b>-</b>	<b>-</b>
<b>Former Executives</b>												
A Czerw (ii) (General Manager)	2014	19 385	-	16 006	-	-	1 793	27 692	-	64 876	-	-
	2013	360 000	-	-	-	3 863	32 400	-	143 917	540 180	-	26.64%
J Latto (iii) (Company Secretary/Chief Financial Officer)	2014	15 885	-	46 634	-	-	1 469	56 731	-	120 719	-	-
	2013	295 000	-	-	-	3 863	26 550	-	86 731	412 144	-	21.04%
<b>Total all named Former Executives</b>	<b>2014</b>	<b>35 270</b>	<b>-</b>	<b>62 640</b>	<b>-</b>	<b>-</b>	<b>3 262</b>	<b>84 423</b>	<b>-</b>	<b>185 595</b>	<b>-</b>	<b>-</b>
	<b>2013</b>	<b>655 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7 726</b>	<b>58 950</b>	<b>-</b>	<b>230 648</b>	<b>952 324</b>	<b>-</b>	<b>-</b>
<b>Total all specified Directors and Executives</b>	<b>2014</b>	<b>323 603</b>	<b>-</b>	<b>62 640</b>	<b>-</b>	<b>-</b>	<b>20 336</b>	<b>84 423</b>	<b>-</b>	<b>491 002</b>	<b>-</b>	<b>-</b>
	<b>2013</b>	<b>871 487</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7 726</b>	<b>76 530</b>	<b>-</b>	<b>230 648</b>	<b>1 186 391</b>	<b>-</b>	<b>-</b>

(i) Appointed April 2013, resigned November 2013.

(ii) Appointed October 2011, resigned July 2013.

(iii) Appointed Company Secretary September 2010 and Chief Financial Officer November 2007, resigned July 2013.

**13. Remuneration Report – audited (continued)**

**13.4 Equity instruments - audited**

**13.4.1 Options over equity instruments granted as compensation - audited**

No options over ordinary shares in the Company were granted as compensation to key management personnel during the reporting period and no options vested during the reporting period.

**13.4.2 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 key management personnel) have been altered or modified by the issuing entity during the reporting period or the prior period.

**13.4.3 Exercise of options granted as compensation**

During the financial year, no shares were issued on the exercise of options previously granted as compensation to key management personnel.

**13.4.4 Analysis of options and rights over equity instruments granted as compensation - audited**

No options have been issued, granted or will vest to key management personnel of the Company.

**13.4.5 Analysis of movements in options and rights**

There were no options granted during the financial year ended 30 June 2014 to key management personnel. There were no options exercised and 1,825,000 options were forfeited due to performance criteria not being achieved or cessation of employment.

**13.4.6 Shareholdings of Directors and Key Management Personnel**

2014

Ordinary Fully Paid Shares	Balance 1 July 2013	Granted as Remuneration	On Market Purchases/ (Sales)	Net change other	Balance 30 June 2014
<b>Directors</b>					
Mr G McMahon	-	-	-	-	-
Mr A Dew	-	-	-	-	-
Mr SH Lee <sup>1</sup>	142,818,734	-	-	(142,818,734)	-
Mr C Procter	-	-	-	-	-
Mr B Montgomery	-	-	20,000,000	-	20,000,000
<b>Total</b>	142,818,734	-	-	(142,818,734)	-
<b>Former Key Management Personnel</b>					
Mr J Latto <sup>2</sup>	165,002	-	-	(165,002)	-
<b>Total</b>	142,983,736	-	20,000,000	(142,983,736)	20,000,000

<sup>1</sup> Net change due to resignation 7 November 2013.

<sup>2</sup> Net change due to resignation 18 July 2013.

**13. Remuneration Report – audited (continued)**

**13.4.6 Shareholdings of Directors and Key Management Personnel (continued)**

**2013**

Ordinary Fully Paid Shares	Balance 1 July 2012	Granted as Remuneration	On Market Purchases/ (Sales)	Net change other	Balance 30 June 2013
<b>Directors</b>					
Mr G McMahon	-	-	-	-	-
Mr A Dew	-	-	-	-	-
Mr SH Lee	61,378,788	-	81,439,946	-	142,818,734
Mr C Procter	-	-	-	-	-
Mr B Montgomery	-	-	-	-	-
<b>Former Directors</b>					
Mr D Waddell <sup>3</sup>	5,772,134	-	-	**(5,772,134)	-
Mr A Senior <sup>3</sup>	66,705	-	-	**(66,705)	-
<b>Other Key Management Personnel</b>					
Mr A Czerw	-	-	-	-	-
Mr J Latto	73,334	-	-	91,668	165,002
<b>Total</b>	<b>67,290,961</b>	<b>-</b>	<b>81,439,946</b>	<b>(5,747,171)</b>	<b>142,983,736</b>

<sup>3</sup> Net change due to resignation 25 November 2012.

**13.4.7 Options of Directors and Key Management Personnel**

**2014**

Options	Balance 1 July 2013	Granted as Remuneration	Options Forfeited	Balance 30 June 2014	Vested 30 June 2014
<b>Directors</b>					
Mr G McMahon	-	-	-	-	-
Mr A Dew	-	-	-	-	-
Mr SH Lee	-	-	-	-	-
Mr C Procter	-	-	-	-	-
Mr B Montgomery	-	-	-	-	-
<b>Former Key Management Personnel</b>					
Mr A Czerw <sup>4</sup>	500,000	-	(500,000)	-	-
Mr J Latto <sup>4</sup>	250,000	-	(250,000)	-	-
<b>Total</b>	<b>750,000</b>	<b>-</b>	<b>(750,000)</b>	<b>-</b>	<b>-</b>

<sup>4</sup> Net change due to resignation 18 July 2013.

**2013**

Options	Balance 1 July 2012	Granted as Remuneration	Options Forfeited	Balance 30 June 2013	Vested 30 June 2013
<b>Directors</b>					
Mr G McMahon	-	-	-	-	-
Mr A Dew	-	-	-	-	-
Mr SH Lee	-	-	-	-	-
Mr C Procter	-	-	-	-	-
Mr B Montgomery	-	-	-	-	-
<b>Former Directors</b>					
Mr D Waddell	-	-	-	-	-
Mr A Senior	416,668	-	(116,668)	300,000	300,000
<b>Other Key Management Personnel</b>					
Mr A Czerw	1,500,000	-	(1,000,000)	500,000	500,000
Mr J Latto	500,000	-	(250,000)	250,000	250,000
<b>Total</b>	<b>2,416,668</b>	<b>-</b>	<b>(1,366,668)</b>	<b>1,050,000</b>	<b>1,050,000</b>

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.

**14. Non-Audit Services**

During the prior year KPMG, the Consolidated Entity's auditor, 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.

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Audit services</b>		
<i>Auditors of the Company:</i>		
Audit and review of financial reports	40,000	204,703
<b>Other services (tax and accounting advice)</b>	-	13,995

## **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 or officers 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 or officer under the Corporations Act 2001.

### **Insurance Premiums**

Since the end of the 2012 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 13 and forms part of the directors' report for the financial year ended 30 June 2014.

## **17. Rounding off**

The Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the consolidated financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Dated at Perth, Western Australia this 24th day of September 2014.

Signed in accordance with a resolution of the Directors.



Gerard McMahon  
Non-Executive Chairman  
Perth, Western Australia  
24 September 2014



***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 2014 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

  
Grant Robinson  
*Partner*

Perth

24 September 2014

### **Tanami Gold NL Corporate Governance Statement**

The Board of Directors ('Board') of Tanami Gold NL ('Tanami' or the 'Company') is responsible for the corporate governance of the Company. The Board guides and monitors the business activities and affairs of the Company on behalf of its shareholders by whom they are elected and to whom they are accountable. To ensure that the Board is well equipped to discharge its responsibilities, the Company has adopted systems of control and accountability as the basis for the administration of corporate governance.

The Board is committed to administering its policies and procedures transparently, with integrity and following best practice principles. The Company's Corporate Governance Statement has been structured to promote compliance with the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations ('Principles').

The Company's corporate governance Policies and Charters are available in the Corporate Governance section of the Company's website at [www.tanami.com.au](http://www.tanami.com.au).

This Corporate Governance Statement summarises the Company's compliance with the ASX Corporate Governance Council's Principles as at the date of this report.

#### **Principle 1: Lay Solid Foundations for Management and Oversight**

The Company complies with this Principle.

##### **Recommendation 1.1: Establish the functions reserved to the Board**

The Company has adopted a Statement of Matters Reserved to the Board, a copy of which is available in the Corporate Governance section of the Company's website at [www.tanami.com.au](http://www.tanami.com.au). In carrying out its responsibilities the Board:

- Recognises that its primary responsibility is to develop and oversee the business activities, corporate strategy and management of the Company for the benefit of its shareholders;
- Acknowledges its responsibilities to the Company's employees, the environment and the communities in which the Company operates and where appropriate, other stakeholders; and
- Strives to create shareholder value and ensure that shareholders' funds are prudently safeguarded.

To assist the Board in discharging its duties properly, it has established the following committees to assist in the proper discharge of its duties:

- Remuneration and Nomination Committee whose responsibilities include the identification of candidates considered suitable to act as Directors;
- Audit Committee whose responsibilities include reviewing and ensuring the quality and integrity of financial reporting;
- Systems of internal control which management and the Board have established in order to safeguard the Company's financial assets and facilitate compliance with relevant statutory and regulatory requirements;
- Processes for financial and business risk identification, quantification and mitigation;
- Effectiveness and independence of the external audit process; and
- Quality and relevance of financial information provided to management and the Board on which decisions will be based.

The Board takes an active and involved approach to the operation of the Company. Day to day operations are delegated by the Board to senior executives and personnel within the Company. The responsibility for the administration of the Company is delegated by the Board to the Company Secretary. The Board is responsible for appointing personnel at the most senior levels and ensuring all senior management personnel together with the Company Secretary and Financial Controller are appropriately qualified and experienced to discharge their responsibilities.

##### **Recommendation 1.2: Evaluation of the Performance of Senior Executives**

A formal performance review is undertaken with each of the Company's senior executives on an annual basis to review their performance over the preceding 12 month period and to set an action plan with specific outcomes and targets for the following 12 months.

This process took place during the year ended 30 June 2014.

#### **Principle 2: Structure the Board to Add Value**

The Company complies with this recommendation.



**Recommendation 2.1, 2.2 and 2.3: Composition of the Board**

The Company's Board comprises the following Directors:

Director	Position	Classification
Mr G McMahon	Non-Executive Chairman	Independent
Mr A Dew	Non-Executive Director	Not Independent
Mr C Procter	Non-Executive Director	Independent
Mr B Montgomery	Non-Executive Director	Independent

Mr Procter is an Independent Non-Executive Director of Sun Hung Kai & Co Limited and Allied Overseas Limited both of which are subsidiaries of Allied Group Limited of which another subsidiary (Allied Properties Resources Limited) is the major shareholder of the Company.

Mr Procter has confirmed to the Board that he is able to act independently and on the basis of that assurance and the fact that his aforesaid directorships are only as an Independent Non-Executive Director of other Allied Group Limited subsidiaries, the Board considered Mr Procter to be independent at the time of his appointment and the announcement of same and continues to consider him independent.

The Company's Board composition complies with Recommendation 2.1 or 2.2 of Principle 2 as the majority of the Company's Board are independent and the Chairman of the Board is independent. The Board considers that the Company's Directors are appropriately qualified and have the skills and experience necessary to properly execute their duties. The skills and experience of each of the Company's Directors has been documented on page 3 of this report.

In determining whether or not a Director is independent, the Company makes reference to the independence indicators contained within Box 2.1 of Principle 2. The membership of the Board and its composition is subject to periodic review.

In accordance with the Company's Constitution, the tenure of a Director (other than the Managing Director/CEO (or equivalent)) is subject to reappointment by shareholders not later than the third anniversary following his or her last appointment.

Subject to the requirements of the Corporations Act 2001, and the ASX Listing Rules, the Board does not subscribe to the principle of a set retirement age, and there is no maximum period of service as a Director.

The Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other Boards.

A procedure exists to allow Directors, in the furtherance of their duties, to seek independent professional advice at the Company's expense. Independent professional advice may be sought by a Director generally; however the Managing Director/CEO (or equivalent) must be notified before advice is sought. The advice must only be sought in relation to the discharge of the Director's responsibilities to the Company. The Company will reimburse reasonable expenses where the above principles have been followed.

**Recommendation 2.4: Nomination Committee**

The Board has established a Nomination Committee (referred to as the Remuneration and Nomination Committee) which is responsible for, amongst other things, identifying individuals with the requisite skill set, experience and professional expertise from which the Company could benefit.

At the date of this report, the members of the Remuneration and Nomination Committee are Mr B Montgomery (Chairman), Mr GJ McMahon and Mr CC Procter. The composition of the Remuneration and Nomination Committee complies with Recommendation 2.4 of Principle 2 as it is comprised of a majority of independent Directors.

The Board considers that the current composition of the Remuneration and Nomination Committee is appropriate given the size of the entity and the skills and experience of the committee members. Details of the relevant qualifications and experience of Mr B Montgomery, Mr GJ McMahon and Mr CC Procter are set out in page 3 of this report.

The Remuneration and Nomination Committee has a formal charter, a copy of which can be found in the Corporate Governance section of the Company's website at [www.tanami.com.au](http://www.tanami.com.au).

**Recommendation 2.5: Evaluation of the Performance of the Board**

The Chairman meets with each Director to assess and review their performance on an annual basis. In the event a Director's performance is unsatisfactory he or she will be asked to retire.

**Principle 3: Promote Ethical and Responsible Decision Making**

The Company complies with this recommendation except for the Diversity recommendations as indicated below.

**Recommendation 3.1: Code of Conduct**

The Board actively promotes ethical and responsible decision making and has established a:

- Code Of Conduct for the Company;
- Directors and Executives Code of Conduct;
- Policy for Reporting and Investigating Unethical Practices; and
- Whistle-blowers' Policy.

The Board maintains high standards of ethical and responsible decision making, recognising the legitimate interests of the Company's shareholders, employees, the environment and the communities in which the Company operates and the responsibilities it has to regulatory authorities.

**Recommendation 3.2, 3.3, and 3.4: Diversity**

The Company is fully supportive of workplace diversity. Whilst it was working towards the introduction of a formal diversity policy, given the current size of the Company it is not logistically appropriate. As it does not yet have a formal diversity policy in place, the Company does not comply with Recommendation 3.2 of Principle 3. Despite this, the Company always actively seeks the best candidate for its available positions regardless of gender, race, age, or cultural heritage.

The Company employs the following number of women in the following categories within its workforce:

Category	Number	Percentage
Women employees in the Company	2	29%
Women in senior executive positions in the Company	-	0%
Women on the Board of the Company	-	0%

**Principle 4: Safeguard Integrity in Financial Reporting**

The Company complies with this recommendation except as indicated below.

**Recommendation 4.1, 4.2 and 4.3: Audit Committee**

The Board has established an Audit Committee comprising Mr CC Procter (Chairman), Mr GJ McMahon and Mr B Montgomery. The structure of the Company's Audit Committee means that it complies with Recommendation 4.2 of Principle 4 which recommends that the Audit Committee comprise only Non-Executive Directors, the majority of whom should be independent.

The Board considers that the current composition of the Audit Committee is appropriate given the size of the entity and the skills and experience of the committee members. Details of the relevant qualifications and experience of each of the members of the Audit Committee are set out in page 3 of this report.

The Audit Committee has a formal charter that is available in the Corporate Governance section of the Company's website at [www.tanami.com.au](http://www.tanami.com.au).

The Audit Committee is responsible for making a recommendation regarding the appointment of the external auditor to the Board (for subsequent approval by shareholders). 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.

**Principle 5: Make Timely and Balanced Disclosure**

The Company complies with this recommendation.

The Board has nominated its Company Secretary to be the person responsible for:

- Ensuring the Company's compliance with the ASX Listing Rules; and
- Overseeing and coordinating disclosure of information to the ASX, as well as communicating with the ASX.

In accordance with the ASX Listing Rules, the Company Secretary will ensure that the Company notifies the ASX immediately with regards to:

- All information concerning the Company that could reasonably be expected to have a material effect on the price or value of the Company's securities; and

- All information that would, or would be likely to, influence people who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

#### **Recommendation 5.1 Disclosure**

The Board has a Disclosure Policy and the purpose of this policy is to ensure that the Company achieves best practice in complying with its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules.

The Company is committed to ensuring that all announcements are made in a timely manner, are factual, do not omit material information and are expressed in a clear and objective manner.

The Board has introduced a Securities Trading Policy that deals with the sale and purchase of securities in the Company by its Key Management Personnel. Key Management Personnel for the purposes of this policy have been defined as Directors and those employees that report directly to the Company's Managing Director/CEO (or equivalent).

The Company's Securities Trading Policy is primarily designed to prevent any contravention of the insider trading provisions of the Corporations Act by the Company's Key Management Personnel.

The Company's Key Management Personnel are required to seek authorisation from the Chairman (in the case of Directors), or another Non-Executive Director (in the case of the Chairman) or the Managing Director/CEO (or equivalent) or Company Secretary (in the case of employees) prior to undertaking any transaction in the Company's securities.

As required by the ASX Listing Rules, the Company will notify the ASX of all transactions in securities of the Company conducted by a Director of the Company. Each Director of the Company has signed an agreement to provide information to the Company regarding any change in their shareholding in the Company as soon as possible after the date of change and in any event, no later than three business days after the date of the change.

The Company's Disclosure Policy and the Company's Securities Trading Policy can be found in the Corporate Governance section of the Company's website at [www.tanami.com.au](http://www.tanami.com.au).

#### **Principle 6: Respect the Rights of Shareholders**

The Company complies with this recommendation.

The Company is committed (subject to commercial and confidentiality constraints) to maintaining direct, open and timely communications with all shareholders and prospective shareholders.

At a minimum, shareholders and prospective shareholders have access via the Company's website to the following information:

- ASX Announcements;
- Annual Financial Report;
- Annual Report;
- Notice of Meeting for the Annual General Meeting (AGM) and all accompanying papers;
- Report of the Chairman as disclosed at the AGM (ordinarily the same day as the AGM);
- Interim/half yearly Report; and
- Quarterly Reports.

The Company has a Shareholder Communication Policy a copy of which is available in the Corporate Governance section of the Company's website at [www.tanami.com.au](http://www.tanami.com.au).

#### **Principle 7: Recognise and Manage Risk**

The Company complies with this recommendation.

The Board's Audit Committee assists the Board by reviewing the:

- Quality and Integrity of financial reporting;
- Systems of internal control which management and the Board have established in order to safeguard the Company's financial assets and facilitate compliance with relevant statutory and regulatory requirements;

- Processes for financial and business risk identification, quantification and mitigation;
- Effectiveness and independence of external audit process; and
- Quality and relevance of financial information provided to management and the Board on which decisions will be based.

**Principle 8: Remunerate Fairly and Responsibly**

The Company complies with this recommendation except as documented below.

**Recommendation 8.1: Remuneration and Nomination Committee**

The Board established a Remuneration and Nomination Committee on 1 July 2005. The Remuneration and Nomination Committee was established to determine appropriate levels of remuneration for Executive and Non-Executive Directors, to review the various skills and experience on the Board, identify specific individuals for nomination as directors and overseeing Board and executive succession planning.

The Remuneration and Nomination Committee Charter is available in the governance section of the Company's website at [www.tanami.com.au](http://www.tanami.com.au).

**Recommendation 8.2: Composition of the Remuneration and Nomination Committee**

The Company's Remuneration and Nomination Committee comprises Mr B Montgomery (Chairman), Mr GJ McMahon and Mr CC Procter. This composition does comply with Principle 8.2 as the majority of the Company's Remuneration and Nomination Committee are independent. The members of the Remuneration and Nomination Committee are appropriately qualified and have the skills and experience necessary to properly execute their duties. The skills and experience of Mr B Montgomery, Mr GJ McMahon and Mr CC Procter are documented on page 3 of this report.

**Recommendation 8.3: Distinction between Non-Executive Directors' Remuneration and Remuneration of Executive Directors and Senior Executives**

Fees for Non-Executive Directors are not linked to the performance of the Company. However, to align Non-Executive Directors' interests with shareholder interests, Non-Executive Directors are encouraged to hold shares in the Company that have been purchased on-market (subject to the provisions of the Tanami Gold NL Securities Trading Policy).

Generally, Non-Executive Directors should not:

- Receive options or cash bonuses from the Company. However, the Board has the discretion to determine (where shareholder approval is obtained) that Non-Executive Directors be granted incentive shares and/or options; and
- Be provided with retirement benefits other than superannuation.

Compensation levels for senior executives of the Company are competitively set to attract and retain appropriately qualified and experienced executives.

Compensation levels 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.

**TANAMI GOLD NL**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	Note	Consolidated	
		2014 \$'000	Restated* 2013 \$'000
Revenue from operating activities	3	1 609	51 469
Mine costs (including depreciation, amortisation and impairment)	4	(12 370)	(79 087)
Profit on sale of assets		784	1 320
Other income	3	17	366
Exploration and evaluation expenses	14	(5 103)	(24 495)
Corporate and other expenses		(3 148)	(10 467)
<b>Results from operating activities</b>		<b>(18 211)</b>	<b>(60 894)</b>
Financial income	6	167	533
Financial expenses	6	(1 584)	(7 672)
<b>Net finance expense</b>		<b>(1 417)</b>	<b>(7 139)</b>
<b>Loss before income tax</b>		<b>(19 628)</b>	<b>(68 033)</b>
Income tax expense	7	-	-
<b>Loss for the year</b>		<b>(19 628)</b>	<b>(68 033)</b>
<b>Other comprehensive loss for the year (net of income tax)</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the year attributable to owners of the Company</b>		<b>(19 628)</b>	<b>(68 033)</b>
<b>Earnings per share</b>			
Basic loss per share	26	(0.022)	(0.183)
Diluted loss per share	26	(0.022)	(0.183)

\*Refer to note 14 for the full information regarding the impact of the prior period restatement as a result of the voluntary change in accounting policy.

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

**TANAMI GOLD NL**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	Note	Consolidated		
		2014 \$'000	Restated* 2013 \$'000	Restated* 2012 \$'000
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	9	925	1 623	2 815
Other receivables	10	204	609	1 814
Available for sale financial assets	11	-	1 881	6 084
Inventories	12	1 482	2 484	8 713
<b>Total current assets</b>		<u>2 611</u>	<u>6 597</u>	<u>19 426</u>
<b>Non-current assets</b>				
Other receivables	10	2 714	5 519	5 396
Property, plant and equipment	13	7 086	8 579	30 275
Acquired exploration and evaluation	14	20 719	20 719	20 719
<b>Total non-current assets</b>		<u>30 519</u>	<u>34 817</u>	<u>56 390</u>
<b>Total assets</b>		<u>33 130</u>	<u>41 414</u>	<u>75 816</u>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Interest-bearing liabilities	15	7 372	9 625	599
Trade and other payables	16	785	2 879	12 987
Provisions	17	155	936	1 408
<b>Total current liabilities</b>		<u>8 312</u>	<u>13 440</u>	<u>14 994</u>
<b>Non-current liabilities</b>				
Interest-bearing liabilities	15	-	319	28 421
Provisions	17	11 108	5 312	5 192
<b>Total non-current liabilities</b>		<u>11 108</u>	<u>5 631</u>	<u>33 613</u>
<b>Total liabilities</b>		<u>19 420</u>	<u>19 071</u>	<u>48 607</u>
<b>Net assets</b>		<u>13 710</u>	<u>22 343</u>	<u>27 209</u>
<b>Equity</b>				
Issued capital	18	317 637	306 661	244 189
Accumulated losses	19	(305 800)	(286 172)	(218 139)
Reserves		1 873	1 854	1 159
<b>Total equity attributable to equity holders of the Company</b>		<u>13 710</u>	<u>22 343</u>	<u>27 209</u>

\*Refer to note 14 for the full information regarding the impact of the prior period restatement as a result of the voluntary change in accounting policy.

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

**TANAMI GOLD NL**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	Issued Capital	Accumulated Losses	Share Based Payment Reserve	Total
	\$'000	\$'000	\$'000	\$'000
<b>Consolidated</b>				
Balance at 1 July 2012 (*Restated)	244 189	(218 139)	1 159	27 209
<b>Total comprehensive loss for the year</b>				
Loss for the year	-	(68 033)	-	(68 033)
Total comprehensive loss for the year	-	(68 033)	-	(68 033)
<b>Transactions with owners, recorded direct to equity</b>				
<i>Contributions by and distributions to owners</i>				
Share based payments transactions	-	-	695	695
Limited recourse loans	466	-	-	466
Total contributions by and distributions to owners	466	-	695	1 161
Shares issued during the year, net of issue costs	62 006	-	-	62 006
Total transaction with owners	62 472	-	695	63 167
Balance at 30 June 2013 (*Restated)	306 661	(286 172)	1 854	22 343
<b>Consolidated</b>				
Balance at 1 July 2013 (*Restated)	306 661	(286 172)	1 854	22 343
<b>Total comprehensive income for the year</b>				
Loss for the year	-	(19 628)	-	(19 628)
Total comprehensive loss for the year	-	(19 628)	-	(19 628)
<b>Transactions with owners, recorded direct to equity</b>				
<i>Contributions by and distributions to owners</i>				
Share based payments transactions	-	-	19	19
Total contributions by and distributions to owners	-	-	19	19
Shares issued during the year, net of issue costs	10 976	-	-	10 976
Total transaction with owners	10 976	-	19	10 995
Balance at 30 June 2014	317 637	(305 800)	1 873	13 710

\*Refer to note 14 for the full information regarding the impact of the prior period restatement as a result of the voluntary change in accounting policy.

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

**TANAMI GOLD NL**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	For year ended 30 Jun 2014 \$'000	*Restated For year ended 30 Jun 2013 \$'000
<b>Cash flows from operating activities</b>	<b>Note</b>	
Cash receipts from customers	1 626	51 835
Cash payments in the course of operations	(9 765)	(56 316)
Cash payments for withholding tax	(62)	(195)
Interest received	147	196
Interest paid	(708)	(1 883)
Payments for exploration and evaluation	(5 362)	(27 339)
Payments for exploration security deposits	(71)	177
Proceeds from exploration security deposit refunds	2 719	(130)
<i>Net cash used by operating activities</i>	27(b) <u>(11 476)</u>	<u>(33 655)</u>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(476)	(3 829)
Proceeds from sale of financial assets	2 669	4 425
Payments for development expenditure	-	(11 677)
<i>Net cash provided/(used) from investing activities</i>	<u>2 193</u>	<u>(11 081)</u>
<b>Cash flows from financing activities</b>		
Net proceeds from issue of shares and options	11 133	46 661
Proceeds from borrowings	8 000	39 460
Net proceeds from repayment of limited recourse loans	-	310
Repayment of borrowings	(10 000)	(42 189)
Repayment of finance lease liabilities	(548)	(698)
<i>Net cash provided from financing activities</i>	<u>8 585</u>	<u>43 544</u>
<b>Net decrease in cash and cash equivalents held</b>	(698)	(1 192)
<b>Cash and cash equivalents at beginning of the financial year</b>	1 623	2 815
<b>Cash and cash equivalents at the end of the financial year</b>	27(a) <u>925</u>	<u>1 623</u>

\*Refer to note 14 for the full information regarding the impact of the prior period restatement as a result of the voluntary change in accounting policy.

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 Unit B1, 431 Roberts Road, Subiaco Western Australia 6008. The consolidated financial statements of the Company as at and for the year ended 30 June 2014 comprise the Company and its subsidiaries (together referred to as the "Consolidated Entity") and the Consolidated Entity's interest in associates. The Consolidated Entity is a for profit entity and is primarily involved in gold 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) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of Directors on 24 September 2014.

#### *Basis of Measurement*

The consolidated financial statements have been prepared on the historical cost basis.

#### *Going Concern Basis of Preparation*

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Consolidated Entity has generated a total comprehensive loss for the year ended 30 June 2014 of \$19,627,687 (2013: Restated loss \$68,032,870). At 30 June 2014, it had a net working capital deficit of \$5,701,653 (2013: Deficit \$6,842,481).

At 30 June 2014, the Company had drawn down a total of A\$7.0 million under its existing A\$15.0 million Loan Facility with Sun Hung Kai International Bank (Brunei) Limited ('SHKIBBL'). The Loan Facility is classified as a current liability at 30 June 2014. On 23 September 2014, the Company received a letter from SHKIBBL agreeing in principle to extend the A\$15.0 million unsecured loan facility repayment date from 31 March 2015 to 31 March 2016 (all terms and conditions are expected to be consistent with the original agreement) subject to contract.

On 7 July 2014, the Company announced that it had reached an agreement with ABM Resources NL ('ABM') to lease the Coyote Gold Plant, associated infrastructure and underlying mining leases ('Coyote'). The terms of the lease agreement provides that ABM will pay the Company a licence fee equal to the Company's monthly Coyote care and maintenance costs (but not exceeding \$150,000 in any one month) during the licence term.

Subject to conditions precedent the terms of the lease agreement include:

- A \$2.0 million lease payment made in advance for the first 12 months of production;
- An option to extend the lease for a further 12 months for a further lease payment of \$2.0 million; and
- An option to purchase Coyote for \$3.0 million.

On 2 September 2014, the Company obtained a new legally binding letter of support from AP Finance Limited for the continuation of its offer to provide an unsecured Loan Facility of A\$12.0 million. The Loan Facility repayment date has been extended to 31 March 2016 and the Company has not made any drawdowns (all terms and conditions are consistent with the original letter of support).

The Company's cashflow forecast shows the Company will be able to fund its ongoing activities at least 12 months from the signing date of this report.

The Company may also be required to source additional cash from debt or equity markets or from the sale of other assets. The Company has demonstrated historically that it can raise funds through both debt and equity avenues and can repay its debts as and when they fall due.

Given the above, the Directors consider that there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable and the Directors are confident that the going concern basis of preparation remains appropriate.

## 1. Significant Accounting Policies (continued)

### (b) Basis of Preparation (continued)

#### *Functional and Presentation Currency*

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

#### *Use of estimates and judgements*

The preparation of consolidated 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 note 1(j). 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 reserves and resources. 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 determined in this way are used in the calculation of 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, and where applicable, resources, is made, amortisation and depreciation is accounted for prospectively.

#### *(iv) Impairment*

In accordance with accounting policy note 1(i), 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; and or
- offers to purchase the CGU

## **1. Significant Accounting Policies (continued)**

### **(b) Basis of Preparation (continued)**

#### *(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 Consolidated Entity 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 where there are impairment indicators.

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 the 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 Consolidated Entity'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, except as explained in note 1(c).

### **(c) Voluntary change in Accounting Policy**

The financial report for 2013/14 has been prepared on the basis of a voluntary change in accounting policy relating to exploration and evaluation expenditure. The policy for accounting for exploration and evaluation expenditure has been changed from the policy applied in previous reporting periods. In previous reporting periods, the costs incurred in connection with exploration of areas with current rights of tenure were capitalised to the Statement of Financial Position.

The criteria for carrying forward the costs were:

- Such costs were expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or
- Exploration activities in the area of interest had not yet reached a state which permitted a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas were continuing.

Costs carried forward in respect of an area of interest that was abandoned were written off in the year in which the decision to abandon was made.

The new exploration and evaluation accounting policy for 2013/14 has been applied retrospectively (with comparative information being restated accordingly). Except as noted below, exploration and evaluation expenditure is expensed to the Statement of Profit or Loss and Other Comprehensive Income as and when it is incurred. Exploration and evaluation costs are only capitalised to the Statement of Financial Position if they result from an acquisition.

Pre-licence costs are expensed in the period in which they are incurred. Where the legal right to explore has been acquired exploration and evaluation expenditure incurred on licences where the technical feasibility and commercial viability of extracting mineral resources has not yet been established is expensed as incurred. Where the technical and commercial viability of extracting mineral resources has been established those costs will be capitalised to the Statement of Financial Position.

The Board believes that the new policy provides more reliable and relevant information because it results in a more transparent treatment of exploration costs, the impact of which is reflected below:

All exploration and evaluation expenditure during the year ended 30 June 2014 (\$5.10 million) has been expensed in the current year in accordance with the change in accounting policy.

The effects of these reductions in exploration and evaluation have been reflected in the opening equity positions of each respective period.

Basic and diluted earnings per share have also been restated. The amount of the impact on basic and diluted earnings per share for the net result for the period ended 30 June 2014 of the change in accounting policy is a decrease in earnings per share of .004 cents.

### **(d) Removal of Parent Entity Financial Statements**

The Consolidated Entity has applied amendments to the Corporations Act (2001) that remove the requirement for the Consolidated Entity to lodge parent entity financial statements. Parent entity financial statements have been replaced by the specific parent entity disclosure in note 30.

**1. Significant Accounting Policies (continued)**

**(e) 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 Consolidated Entity.

*(ii) 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.

*(iii) Jointly controlled operations and assets*

The interest of the Consolidated Entity 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.

*(iv) Loss of control*

Upon the loss of control, the Consolidated Entity derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of the equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Consolidated Entity retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

**(f) 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:	<b>2014</b>	<b>2013</b>
Buildings	2.5%	2.5%
Plant and equipment	15–33%	15–33%
Motor vehicles	13–33%	13–25%
Furniture and fittings	7.5–40%	7.5–40%
Mine development costs	Units of production	Units of production
Rehabilitation asset	Over life of mine	Over life of mine

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

*(i) Useful lives*

Mine development costs 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.

**1. Significant Accounting Policies (continued)**

**(f) Property, Plant and Equipment (continued)**

*(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 development costs are amortised on a units of production basis over economically recoverable resources. The rehabilitation asset is amortised on a straight line basis over the life of the mine.

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

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) Exploration and Evaluation**

The Company has made a voluntary change to its accounting policy for exploration and evaluation expenditure. This change has been applied retrospectively. Acquisition costs and acquired exploration and evaluation expenditure which form part of the business combination transaction must remain capitalised, until such times as impairment is considered. Refer to note 14 for further disclosure regarding the change.

Pre-licence costs are expensed in the period in which they are incurred. Once the legal right to explore has been acquired, exploration and evaluation expenditure incurred on licenses where the technical feasibility and commercial viability of extracting mineral resources has not yet been established is expensed as incurred. The directors of the Company generally consider a project to be economically viable on the satisfactory completion of a feasibility study and a JORC reserve estimate.

Exploration and evaluation expenditure includes the costs of acquiring and maintaining the rights to explore, investigate, examine and evaluate an area of mineralisation, and assessing the technical feasibility and commercial viability of extracting the mineral resources from that area.

**(h) 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 expensed as incurred.

**(i) 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.

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.

## **1. Significant Accounting Policies (continued)**

### **(j) 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.

A provision is 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 re-contouring, 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 finance costs in profit or loss 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 profit or loss in the period in which it occurs.

### **(k) Expenses**

#### *(i) Operating lease payments*

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense and spread over the lease term.

#### *(ii) Net financing costs*

Net financing costs comprise interest payable on borrowings calculated using the effective interest method, finance establishment costs, discount unwind on the restoration and rehabilitation provision, interest receivable on funds invested, foreign exchange gains and losses, gains and losses on sale of financial assets, 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.

### **(l) 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.

### **(m) Investments**

All investments are initially recognised at cost, being the fair value of the consideration given and 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.

**1. Significant Accounting Policies (continued)**

**(m) Investments (continued)**

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 ASX 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.

**(n) Other Receivables**

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

**(o) 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.

**(p) Available for Sale Financial Assets**

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available for sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note i) are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the cumulative gain or loss in equity is reclassified to profit or loss.

Available for sale financial assets comprise equity securities.

**(q) 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.

**(r) Employee Benefits**

*Short-term benefits*

Liabilities for employee benefits for wages, salaries and annual 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 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.

**1. Significant Accounting Policies (continued)**

**(r) Employee Benefits (continued)**

*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.

**(s) Share Based Payment Transactions**

The Company's Option and Performance Rights Plan and Employee Share Plan allows specified employees to acquire shares of the Company subject to any attached conditions being met. 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.

**(t) 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. 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.

**(u) 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 which is generally on receipt of funds from gold sales, and there is no continuing management involvement with the goods.

**(v) 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.



**1. Significant Accounting Policies (continued)**

**(v) Income Tax (continued)**

In determining the amount of current and deferred tax, the Consolidated Entity takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Consolidated Entity believes its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Consolidated Entity to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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. 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.

*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.

**(w) 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.

**(x) 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.

**(y) Trade and Other Payables**

Trade and other payables are stated at their amortised cost.

**(z) Earnings Per Share**

The Consolidated Entity presents basic earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit 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.

**(aa) Segment Reporting**

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 exploration industry. All operating segments' operating results are regularly reviewed by the Consolidated Entity's Managing Director/CEO (or equivalent) 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 (or equivalent) 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.

**(ab) 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.

**1. Significant Accounting Policies (continued)**

**(ab) Financial Instruments (continued)**

*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.

**(ac) Foreign Currency Transactions**

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

**(ad) New Accounting Standards and Interpretations**

In the year ended 30 June 2014, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to the Group and effective for the current annual reporting period.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to Group accounting policies.

**(ae) Accounting Standards and Interpretations issued but not yet effective**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the year ended 30 June 2014. These are outlined in the table below. The impact of these standards has not been determined on the financial statements.

Reference	Title	Summary	Application date of Standard	Application date for Group
AASB 2013-3	Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	AASB 2013-3 amends the disclosure requirements in AASB 136 Impairment of Assets. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.	1 January 2014	1 July 2014
AASB 2013-4	Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]	AASB 2013-4 amends AASB 139 to permit the continuation of hedge accounting in specified circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counter-party as a consequence of laws or regulations.	1 January 2014	1 July 2014
AASB 1031	Materiality	The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework (issued December 2013) that contain guidance on materiality. <ul style="list-style-type: none"> <li>AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations has been removed.</li> </ul>	1 January 2014	1 July 2014

**1. Significant Accounting Policies (continued)**

Reference	Title	Summary	Application date of Standard	Application date for Group
Annual Improvements 2010-2012 Cycle	Annual Improvements to IFRS's 2010-2012 Cycle	<p>This standard sets out amendments to International Financial Reporting Standards ("IFRS's") and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not yet been adopted by the AASB.</p> <p>The following items are addressed in this standard:</p> <ul style="list-style-type: none"> <li>• IFRS 2 – Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'.</li> <li>• IFRS 3 – Clarifies the classification requirements for contingent consideration in a business combination by removing all references to IAS 37.</li> <li>• IFRS 8 – Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segment's asset to the entity's assets.</li> <li>• IAS 16 &amp; IAS 38 – Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net varying amounts.</li> <li>• IAS 24 – Defines a management entity providing Key Management Personnel ("KMP") services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of IAS 24 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be disclosed separately.</li> </ul>	1 January 2014	1 July 2014
AASB 2013-9	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments.	<p>This Standard contains three main parts and makes amendments to a number of Standards and Interpretations.</p> <p>Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1.</p> <p>Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards.</p> <p>Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 Hedge Accounting into AASB 9 Financial Instruments.</p>	Part A – 20 Dec 2013 Part B – 1 Jan 2014 Part C – 1 Jan 2015	Part A and B – 1 Jul 2014 Part C – 1 Jul 2015
Annual Improvements 2011-2013 Cycle AASB 2012-3	Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities	<p>AASB 2012-3 adds application guidance to AASB 132 Financial Instruments:</p> <ul style="list-style-type: none"> <li>• Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.</li> </ul>	1 January 2014	1 July 2015

**1. Significant Accounting Policies (continued)**

Reference	Title	Summary	Application date of Standard	Application date for Group
AASB 9	Financial Instruments	<p>AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with requirements of AASB 139. The main changes are described below:</p> <p>(a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.</p> <p>(b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</p> <p>(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</p> <p>Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:</p> <p>a) The change attributable to changes in credit risk are presented in other comprehensive income.</p> <p>b) The remaining change is presented in profit and loss. If this approach creates or enlarges an accounting mismatch in the profit and loss, the effect of the changes in credit risk are also presented in the profit and loss.</p> <p>Further amendments were made by AASB 2012-6 which amends the mandatory effective date to annual reporting periods beginning on or after 1 January 2015. AASB 2012-6 also modifies the relief from restating prior periods by amending AASB 7 to require disclosures on transition to AASB 9 in some circumstances.</p> <p>Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.</p>	1 January 2017	1 July 2017

**TANAMI GOLD NL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**2. Determination of fair values**

- a) The fair value of investments in quoted equity securities is determined by reference to their quoted closing bid price at the reporting date.

**3. REVENUE & OTHER INCOME**

	Consolidated	
	2014 \$'000	2013 \$'000
<b>From operating activities</b>		
Gold sales	1 609	51 469
	<u>1 609</u>	<u>51 469</u>
Other income	17	366
	<u>1 626</u>	<u>51 835</u>

For the year ended 30 June 2014, the Company was a gold exploration company. Gold sales during the year were from the realisation of gold bullion on hand at 30 June 2013 and the sale of gold on hand at 30 June 2013 and the successful recovery of approximately 824 ounces of gold through continued clean-up of the Coyote Processing Plant.

**4. MINE COSTS**

	2014	*Restated 2013
	\$'000	\$'000
Mine costs (i)	<u>12 370</u>	<u>79 087</u>
which includes:		
Mining	8 665	28 380
Processing	183	10 012
Site administration	2 061	5 340
Depreciation - plant and equipment	1 318	4 397
Amortisation	143	13 950
Impairment (ii)	-	17 008
	<u>12 370</u>	<u>79 087</u>

\*Refer to note 14 for the full information regarding the impact of the prior period restatement as a result of the voluntary change in accounting policy.

- (i) Mine costs relate to the ongoing care and maintenance cost at both the Coyote Gold Project and the Central Tanami Project. Mine costs includes depreciation, amortisation and impairment.
- (ii) Management of the Group has identified one Cash Generating Unit ('CGU'), the Coyote Gold Project. The Company carried out impairment testing by comparing the CGU recoverable amount (fair value less costs to sell) represented by current market prices against the carrying value of the CGU net assets. As a result, the Company determined no impairment should be reflected in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the full year ending 30 June 2014 (2013: Restated impairment \$17.0 million).

	Consolidated	
	2014 \$'000	*Restated 2013 \$'000
CGU Impairment includes:		
Inventory	-	1 233
Buildings	-	3 295
Plant & equipment	-	4 669
Motor vehicles	-	214
Furniture & fittings	-	124
Mine development costs	-	6 036
Rehabilitation asset	-	1 437
Total CGU impairment loss	<u>-</u>	<u>17 008</u>

**5. PERSONNEL EXPENSES**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Wages and salaries	1 431	25 095
Redundancy costs	1 299	4 107
Superannuation costs	284	1 873
Decrease in liability for annual leave	(108)	(769)
Share based payments	20	695
<b>Total personal expenses</b>	<u>2 926</u>	<u>31 001</u>

**6. FINANCE INCOME AND EXPENSE**

**Finance income:**

Interest income	156	212
Dividend income	11	-
Foreign exchange gain	-	321
<b>Finance income</b>	<u>167</u>	<u>533</u>

**Finance expense:**

Interest - borrowings	(704)	(1 897)
Borrowing costs	(693)	(4 602)
Net change in fair value of available for sale financial assets	-	(1 097)
Unwind of discount on site restoration provision	(187)	(76)
<b>Finance expense</b>	<u>(1 584)</u>	<u>(7 672)</u>
<b>Net finance expense</b>	<u>(1 417)</u>	<u>(7 139)</u>

**7. TAXATION**

	<b>Consolidated</b>	
	<b>2014</b>	<b>*Restated</b>
	<b>\$'000</b>	<b>2013</b>
		<b>\$'000</b>
Major components of income tax expense are as follows:		
<b>Income statement</b>		
<i>Current income tax expense/(benefit)</i>		
Prior year adjustment	-	(28)
<i>Deferred income tax expense</i>		
Relating to origination and reversal of temporary differences	(5 886)	(20 200)
Deferred tax assets not recognised in the current period	5 886	20 227
Income tax benefit/(expense) reported in income statement	<u>-</u>	<u>-</u>
<b>The components of recognised deferred tax balance are as follows:</b>		
<b>CONSOLIDATED</b>		
<i>Deferred tax liabilities</i>		
Consumables	445	577
Accrued income	-	22
Deferred tax asset offset against deferred tax liability	(445)	(599)
Gross deferred income tax liabilities	<u>-</u>	<u>-</u>
<i>Deferred tax assets</i>		
Provisions	430	559
Accruals	15	40
Property, plant and equipment	-	-
Deferred tax asset offset against deferred tax liability	(445)	(599)
Gross deferred income tax assets	<u>-</u>	<u>-</u>
<b>Reconciliation to income tax benefit on account loss</b>		
Loss before income tax	(19 628)	(68 033)
Prima facie tax payable at the statutory income tax rate	(5 888)	(20 410)
Non-deductible expenses		
Prior period adjustment	4	(28)
Share based payments	7	209
Other	(9)	1
Deferred tax assets not recognised	5 886	20 228
Income tax (benefit)/expense	<u>-</u>	<u>-</u>
<b>Deferred tax asset (30%) not recognised arising on:</b>		
Tax losses	59 395	51 879
Temporary differences	33 754	35 199
	<u>93 149</u>	<u>87 078</u>

\*Refer to note 14 for the full information regarding the impact of the prior period restatement as a result of the voluntary change in accounting policy.

**8. AUDITOR'S REMUNERATION**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Audit services</b>		
Amounts paid, or due and payable, to the auditor KPMG for:		
Audit and review of the financial statements	40 000	204 703
	<u>40 000</u>	<u>204 703</u>
<b>Other services</b>		
Employee redundancy review	-	10 045
Employee tax advice	-	3 950
<b>Total other services</b>	<u>-</u>	<u>13 995</u>

**9. CASH AND CASH EQUIVALENTS**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at bank and on hand	925	1 623
	<u>925</u>	<u>1 623</u>

The Consolidated Entity's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 29.

**10. OTHER RECEIVABLES**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
GST receivable	-	68
Prepayments	133	422
Other debtors	71	104
Interest receivable	-	15
	<u>204</u>	<u>609</u>
<b>Non-current</b>		
Other debtors (a)	2 714	5 363
Limited recourse loans (b)	-	156
	<u>2 714</u>	<u>5 519</u>

(a) On 9 August 2013, the Company lodged an application to partake in the Mining Rehabilitation Fund ('MRF') with the WA Department of Mines and Petroleum for the return of its \$2,350,000 million Coyote rehabilitation bond. The rehabilitation bond was received by the Company on 8 October 2013. Non-current other debtors represent term deposits placed in support of environmental performance bonds lodged with Newmont Australia Limited \$1,105,000 (2013: \$1,105,000) and the Department of Resources (NT) \$1,479,136 (2013: \$1,777,426). In addition, \$130,210 (2013: \$130,593) has been held as a rental bond for the corporate office.

(b) At 31 December 2013, the Company derecognised \$155,834 of shares previously issued to employees by way of limited recourse loans.



**11. AVAILABLE FOR SALE FINANCIAL ASSETS**

	Consolidated	
	2014 \$'000	2013 \$'000
<b>Available for sale financial assets:</b>		
Quoted equity shares	-	1 881

On 26 August 2013, the Company sold its remaining 78,392,301 shares in ABM Resources NL at an average price of 3.4 cents per share receiving approximately \$2.67 million less costs.

**12. INVENTORIES**

	Consolidated	
	2014 \$'000	2013 \$'000
<b>Current</b>		
Stockpile	-	79
Raw material and stores	1 482	3 154
Impairment of Inventory	-	(1 233)
Bullion	-	484
	<u>1 482</u>	<u>2 484</u>

**13. PROPERTY, PLANT AND EQUIPMENT**

	<b>Consolidated</b>	
	<b>Restated*</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Buildings at cost	7 373	7 958
Less: accumulated depreciation	(41)	(601)
Less: accumulated impairment	(6 429)	(6 429)
	<u>903</u>	<u>928</u>
Plant and equipment at cost	48 573	56 167
Less: accumulated depreciation	(13 368)	(19 581)
Less: accumulated impairment	(29 248)	(29 248)
	<u>5 957</u>	<u>7 338</u>
Motor vehicles at cost	1 591	2 069
Less: accumulated depreciation	(1 236)	(1 657)
Less: accumulated impairment	(214)	(214)
	<u>141</u>	<u>198</u>
Furniture and fittings at cost	1 103	1 435
Less: accumulated depreciation	(951)	(1 269)
Less: accumulated impairment	(124)	(124)
	<u>28</u>	<u>42</u>
Mine development costs	67 481	67 481
Less: accumulated depreciation	(61 693)	(61 693)
Less: accumulated impairment	(5 788)	(5 788)
	<u>-</u>	<u>-</u>
Rehabilitation asset	-	1 670
Less: accumulated depreciation	-	(233)
Less: accumulated impairment	-	(1 437)
	<u>-</u>	<u>-</u>
Capital works in progress	<u>57</u>	<u>73</u>
Total property, plant and equipment	<u>7 086</u>	<u>8 579</u>

**13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	Consolidated	
	Restated*	
	2014	2013
	\$'000	\$'000
<b>Buildings</b>		
Carrying amount at beginning of financial year	928	4 343
Transfers/depreciation	(25)	(120)
Impairment	-	(3 295)
Carrying amount at end of financial year	<u>903</u>	<u>928</u>
<b>Plant and equipment</b>		
Carrying amount at beginning of financial year	7 338	13 600
Transfers/additions	533	3 154
Disposals	(2)	(393)
Accumulated depreciation on disposals	-	268
Depreciation	(1 912)	(4 622)
Impairment	-	(4 669)
Carrying amount at end of financial year	<u>5 957</u>	<u>7 338</u>
<b>Motor vehicles</b>		
Carrying amount at beginning of financial year	198	358
Transfers/additions	-	283
Depreciation	(57)	(229)
Impairment	-	(214)
Carrying amount at end of financial year	<u>141</u>	<u>198</u>
<b>Furniture and fittings</b>		
Carrying amount at beginning of financial year	42	369
Additions	-	42
Disposals	-	(85)
Depreciation	(14)	(160)
Impairment	-	(124)
Carrying amount at end of financial year	<u>28</u>	<u>42</u>
<b>Mine development costs</b>		
Carrying amount at beginning of financial year	-	9 170
Additions: capitalised underground mine development costs	-	10 568
Additions: capitalised Bald Hill stripping costs	-	248
Amortisation	-	(13 950)
Impairment	-	(6 036)
Carrying amount at end of financial year	<u>-</u>	<u>-</u>

**13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	Consolidated	
	2014	Restated*
	2014	2013
	\$'000	\$'000
<b>Rehabilitation asset</b>		
Carrying amount at beginning of financial year	-	939
Additions	-	668
Amortisation	-	(170)
Impairment	-	(1 437)
Carrying amount at end of financial year	<u>-</u>	<u>-</u>
<b>Capital works in progress</b>		
Carrying amount at beginning of financial year	73	1 418
Additions	516	3 306
Transfers to other asset classes	(532)	(4 651)
Carrying amount at end of financial year	<u>57</u>	<u>73</u>
<b>Total property plant and equipment</b>		
Carrying amount at beginning of financial year	8 579	26 613
Additions	517	17 279
Disposals	(2)	(478)
Accumulated depreciation on disposals	-	268
Depreciation	(2 008)	(5 131)
Amortisation	-	(14 197)
Impairment	-	(15 775)
Carrying amount at end of financial year	<u>7 086</u>	<u>8 579</u>

\*Refer to note 14 for the full information regarding the impact of the prior period restatement as a result of the voluntary change in accounting policy.

**14. EXPLORATION AND EVALUATION EXPENDITURE**

	Consolidated	
	2014	Restated*
	2014	2013
	\$'000	\$'000
Acquired exploration and evaluation costs carried forward	<u>20 719</u>	<u>20 719</u>
<b>(a) Reconciliation</b>		
Carrying amount at beginning of the year	20 719	20 719
Expenditure during the year	5 103	24 495
Exploration expensed during the year (i)	(5 103)	(24 495)
	<u>20 719</u>	<u>20 719</u>

\*The acquired exploration and evaluation costs carried forward in respect of areas of interest represents the purchase price for Central Tanami.

(i) The Company has made a voluntary change to its accounting policy for exploration and evaluation expenditure. This change has been applied retrospectively. Acquisition costs and acquired exploration and evaluation expenditure which form part of the business combination transaction is capitalised, until such times as impairment is considered appropriate.

Pre-licence costs are expensed in the period in which they are incurred. Once the legal right to explore has been acquired, exploration and evaluation expenditure incurred on licenses where the technical feasibility and commercial viability of extracting mineral resources has not yet been established is expensed as incurred. The directors of the Company consider a project to be economically viable upon the satisfactory completion of a feasibility study and a JORC reserve estimate.

**14. EXPLORATION AND EVALUATION EXPENDITURE (CONTINUED)**

Exploration and evaluation expenditure includes the costs of acquiring and maintaining the rights to explore, investigate, examine and evaluate an area of mineralisation, and assessing the technical feasibility and commercial viability of extracting the mineral resources from that area.

The impact of the change in exploration and evaluation accounting policy on the Consolidated Statement of Financial Position and the Consolidated Statement of Profit or Loss and Other Comprehensive Income is set out below:

Consolidated Statement of Financial Position	*Restated 30 June 2013	30 June 2013	Difference
<i>In thousands of dollars</i>			
Capitalised exploration	20,719	74,043	53,323
Net Assets	22,344	75,667	53,323
Accumulated losses	(286,171)	(232,848)	(53,323)

Consolidated Statement of Profit or Loss and Other Comprehensive Income	*Restated 30 June 2013	30 June 2013	Difference
<i>In thousands of dollars</i>			
Exploration and evaluation expenditure written off	(24,495)	(18,124)	(6,371)
Reversal of mine development impairment and amortisation	4,646	-	4,646
Loss for the year	(68,033)	(66,308)	(1,725)
Basic loss per share	(0.183)	(0.179)	(0.004)

**15. INTEREST BEARING LIABILITIES**

	Consolidated	
	2014 \$'000	2013 \$'000
<b>Current</b>		
Finance lease liabilities (i)	319	548
Loan (ii)	7 052	9 077
	<u>7 372</u>	<u>9 625</u>
<b>Non-Current</b>		
Finance lease liabilities	-	319
	<u>-</u>	<u>319</u>

(i) Finance liabilities of the Group are as follows:

	Future minimum lease payments		Present value of minimum lease payments	
	2014	Interest 2014	2014	2013
<i>In thousands of dollars</i>				
Less than one year	330	11	319	548
Between two and five years	-	-	-	330
	<u>330</u>	<u>11</u>	<u>319</u>	<u>922</u>

The finance lease liability is denominated in Australian dollars with an interest rate of 7.95% per annum and will mature in 2015.

(ii) Loan (unsecured)

	Effective Interest Rate	Maturity	30 June 2014 Carrying Amount \$'000	30 June 2013 Carrying Amount \$'000
A\$ 7.0 million	(a)	31 March 2015	7,052	9,077
			<u>7,052</u>	<u>9,077</u>

(a) At 30 June 2014, the Company had drawn down A\$7.0 million of its A\$15.0 million unsecured Loan Facility with Sun Hung Kai International Bank (Brunei) Limited which has an interest rate of 6% per annum, a refundable facility fee of 3% per annum (where facility fees payable in advance are refunded on a pro-rated basis if loan repayments are made) and a non-refundable facility fee of 3% per annum. The unsecured A\$15.0 million Loan Facility is due for repayment on 31 March 2015.

**16. TRADE AND OTHER PAYABLES**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Trade creditors	108	370
Other creditors and accruals	677	2 509
	<u>785</u>	<u>2 879</u>

The Consolidated Entity's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 29.

**17. PROVISIONS**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Employee entitlements	155	648
Onerous lease contract	-	288
	<u>155</u>	<u>936</u>
<b>Non-current</b>		
Employee entitlements	64	82
Site and mine restoration	11 044	5 230
	<u>11 108</u>	<u>5 312</u>
	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Reconciliation of site and mine restoration</b>		
Opening Balance at 1 July	5 230	4 514
Provision made during year	5 627	668
Provision utilised during the year	-	(28)
Unwind of discount	187	76
Balance at 30 June	<u>11 044</u>	<u>5 230</u>

**Annual Leave**

Current employee entitlements comprise annual leave that is expected to be settled within 12 months of the reporting date and represents present obligations resulting from employees' services provided to reporting date. Current employee entitlements 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(j) of the significant policies.

**Long service leave**

Long service leave that is due and payable is disclosed as a non-current employee provision.

**18. ISSUED CAPITAL**

	Consolidated	
	2014 \$'000	2013 \$'000
<b>Share capital</b>		
1,175,097,046 (2013: 587,548,524) ordinary shares, fully paid	317 637	306 661
	<u>317 637</u>	<u>306 661</u>
<b>Movements in issued capital</b>		
Balance at 1 July	306 661	244 189
Shares issued		
Reinstatement of limited recourse loans	-	310
New limited recourse loans (i)	(156)	156
587,548,523 shares (2013: 326,415,847) (ii)	11 751	65 127
Transaction costs arising from issue of shares	(619)	(3 121)
Balance at 30 June	<u>317 637</u>	<u>306 661</u>

- (i) The shares issued have limited recourse and accordingly the loans have been derecognised in the financial statements at 30 June 2014.
- (ii) On 2 January 2014, the Company completed a 1:1 fully underwritten, pro-rata renounceable Entitlements Issue that resulted in 587,548,523 new shares being issued.

**19. ACCUMULATED LOSSES**

	Consolidated	
	2014 \$'000	*Restated 2013 \$'000
Balance at 1 July	(286 172)	(218 139)
Net loss for the year	(19 628)	(68 033)
Balance at 30 June	<u>(305 800)</u>	<u>(286 172)</u>

**20. CONTINGENT LIABILITIES**

On or about 17 January 2013, a claim was brought against the Company in the District Court of Western Australia in relation to the hire and use by the Company of certain mining equipment for the Coyote Gold Project.

Further detail on the status of this contingent liability is contained in note 28 Events Subsequent to Balance Date.

**21. 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 are outlined below. The Consolidated Entity's tenement commitment can be reduced by obtaining expenditure exemptions and/or relinquishment of tenements.

**Exploration Expenditure Commitments**

	Consolidated	
	2014 \$'000	2013 \$'000
Within one year	<u>1 937</u>	<u>2 558</u>

**b) Operating lease**

The Consolidated Entity sub-leases the corporate office under an operating lease. The Company has a new operating sub-lease arrangement which runs for 1.5 years commencing 28 July 2014 and expiring on 31 December 2015. Lease payments are adjusted annually to reflect market rentals. During the year ended 30 June 2014 \$553,226 (2013: \$475,431) was recognised as an expense in the income statement in respect to the operating lease.

**21. COMMITMENTS (CONTINUED)**

**b) Operating lease (continued)**

**Operating Lease Commitments**

	Consolidated	
	2014 \$'000	2013 \$'000
Within one year	101	532
Between two and five years	64	48
	165	580

**22. SHARE BASED PAYMENTS**

**Options**

During the prior year no options were issued.

During the year no options lapsed unexercised.

During the year the following options were forfeited:

Exercise Price (\$)	Number of Options	Grant Date	Expiry Date
\$0.90	1,762,500	29 March 2012	28 March 2017
\$1.00	62,500	29 March 2012	28 March 2017

During the year, no options were exercised.

At 30 June 2014 there were 712,500 unissued ordinary shares in respect of which unquoted options were outstanding as follows:

Grant Date	Expiry Date	Type	Exercise Price	2014 Number	2013 Number
22 December 2011	21 December 2016	Unquoted	\$1.34	300,000	300,000
29 March 2012	28 March 2017	Unquoted Tranche 1	\$0.90	212,500	1,975,000
29 March 2012	28 March 2017	Unquoted Tranche 2	\$1.00	200,000	262,500
(The options in this table relate to all Company employees)				712,500	2,537,500

On 22 December 2011 300,000 options were granted to Mr Alan Senior, a former Director of the Company. The options were valued using the Black Scholes option valuation model and the option term is 5 years from the date of grant. The options will expire on 21 December 2016 and not before.

The significant assumptions used in the valuation at that time were:

- Volatility: 90%;
- Risk free rate: 4.25% per annum;
- Underlying security spot price: \$0.705;
- Exercise price: \$1.34; and
- Valuation per option: \$0.434.

The options granted on 29 March 2012 were valued using the Black Scholes option valuation methodology and the option term is 5 years from the date of grant. The significant assumptions used in the valuations at that time were:

- Volatility: 85%;
- Risk free rate: 2.66% per annum;
- Underlying security spot price: \$0.795;
- Exercise price: \$0.90, \$1.00 for Tranche 1 and Tranche 2 respectively; and
- Valuation per option: \$0.524 and \$0.510.

	2014	2013
Amounts expensed for options issued	\$18,329	\$658,792



**22. SHARE BASED PAYMENTS (CONTINUED)**

**Summary of option movements for the financial year:**

Number of options at 30 June 2014

Grant Date	Exercise Date on or after	Expiry Date	Exercise Price	Number of options at beginning of year	Options Granted	Options Expired/ Forfeited	Options Exercised	On Issue	Vested
22 Dec 2011	22 Dec 2011	21 Dec 2016	\$1.34	300,000	-	-	-	300,000	300,000
29 Mar 2012	29 Mar 2013	28 Mar 2017	\$0.90	1,975,000	-	1,762,500*	-	212,500	212,500
29 Mar 2012	29 Mar 2014	28 Mar 2017	\$1.00	262,500	-	62,500*	-	200,000	200,000

\*These options expired/forfeited due to cessation of employment

**23. KEY MANAGEMENT PERSONNEL DISCLOSURES**

**a) Details of Key Management Personnel**

*(i) Specified Directors*

Gerard McMahon (Non-Executive Chairman)	(appointed April 2013)
Arthur Dew (Non-Executive Director)	(appointed December 2011)
Carlisle Procter (Non-Executive Director)	(appointed December 2011)
Brett Montgomery (Non-Executive Director)	(appointed February 2013)
Seng Hui Lee (Non-Executive Director)	(appointed March 2008, resigned November 2013)

*(ii) Specified Executives*

Andrew Czerw (General Manager)	(appointed October 2011, resigned July 2013)
Jon Latto (Company Secretary/Chief Financial Officer)	(appointed November 2007, resigned July 2013)

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

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<i>In AUD</i>		
Short-term employee benefits	323 603	1 384 767
Post-employment benefits	104 759	78 593
Share-based payments	-	230 648
Other long term benefits	62 640	-
<b>Total</b>	<u>491 002</u>	<u>1 694 008</u>

*(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.

**b) 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.

**24. 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.

**Loan from Related Parties**

During the year ended 30 June 2014, the Company has continued to use its unsecured \$15.0 million Loan Facility with Sun Hung Kai International Bank (Brunei) Limited ('SHKIBBL') to assist with funding its:

- Care and maintenance costs at Coyote;
- Kavanagh Drilling Program;
- Redundancy payments associated with placing Coyote on care and maintenance; and
- Additional working capital.

**24. NON-KEY MANAGEMENT PERSONNEL RELATED PARTIES DISCLOSURES (CONTINUED)**

During the year the Company made a voluntary prepayment of A\$10.0 million towards its unsecured A\$15.0 million Loan Facility with SHKIBBL.

The ultimate holding company of SHKIBBL is Lee and Lee Trust, an entity associated with Mr Lee Seng Hui who is a former director of the Company (resigned 7 November, 2013).

As at 30 June 2014, the Company had drawn down A\$7.0 million, leaving it with A\$8.0 million in undrawn funds. The Company's unsecured A\$15.0 million Loan Facility with SHKIBBL has a repayment date of 31 March 2015. During the year ended 30 June 2014, the Company has paid A\$641,918 interest and A\$632,219 by way of facility fees to SHKIBBL.

**25. SEGMENT INFORMATION**

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

**Information about reportable segments**

	Gold Production		Exploration		Total	
		*Restated		*Restated		*Restated
	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenues	1 609	51 469	-	-	1 609	51 469
Interest income	-	133	116	54	116	187
Interest expense	-	(175)	(232)	-	(232)	(175)
Depreciation and amortisation	-	(18 105)	(1 990)	(697)	(1 990)	(18 802)
Impairment	-	(17 008)	-	-	-	(17 008)
Reportable segment loss before income tax	1 609	(26 856)	(17 573)	(25 138)	(15 964)	(51 994)
Reportable segment assets	-	10 613	31 992	26 908	31 992	37 521
Reportable segment liabilities	-	7 932	19 414	11 131	19 414	19 063
Capital expenditure	-	(3 266)	(516)	(40)	(516)	(3 306)

\*Refer to note 14 for the full information regarding the impact of the prior period restatement as a result of the voluntary change in accounting policy.

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

	Consolidated	
	2014 \$'000	*Restated 2013 \$'000
<b>Revenue and other income</b>		
Total revenue and other income for reportable segments	1 609	51 469
Consolidated revenue and other income	<u>1 609</u>	<u>51 469</u>
<b>Profit or loss</b>		
Total loss or profit for reportable segments	(15 964)	(51 994)
Profit on sale of assets	784	1 320
Other loss or profit	17	(409)
Unallocated amounts: other corporate expenses	(4 465)	(16 950)
Consolidated loss before income tax	<u>(19 628)</u>	<u>(68 033)</u>
<b>Assets</b>		
Total assets for reportable segments	31 992	37 521
Other unallocated amounts	1 138	3 893
Consolidated total assets	<u>33 131</u>	<u>41 414</u>
<b>Liabilities</b>		
Total liabilities for reportable segments	19 414	19 063
Other unallocated amounts	6	8
Consolidated total liabilities	<u>19 420</u>	<u>19 071</u>

**Major customer**

During the year ended 30 June 2014, the Company sold gold on-market through third parties and is not able to identify the end customer.

\*Refer to note 14 for the full information regarding the impact of the prior period restatement as a result of the voluntary change in accounting policy.

**26. EARNINGS PER SHARE**

	Number of shares	
	2014	2013
Weighted average number of ordinary shares used as the denominator in the calculation of basic earnings per share	884,081,838	371,550,115

**Basic earnings/(loss) per share**

The calculation of basic earnings per share at 30 June 2014 was based on the loss attributable to ordinary shareholders of \$19,627,687 (2013: Restated loss \$68,032,870) and a weighted average number of ordinary shares outstanding of 884,081,838 (2013: 371,550,115), calculated as follows.

Weighted average number of ordinary shares	2014	2013
Issued ordinary shares at 1 July	371,550,115	261,045,759
Effect of rights taken up under February 2013 Entitlements Issue	-	110,504,497
Effect of rights taken up under the November 2013 Entitlements Issue	512,531,723	-
Weighted average number of ordinary shares at 30 June	884,081,838	371,550,115

**Diluted earnings/(loss) per share**

Diluted loss per share for 2014 equals basic loss per share as the options on issue are considered anti-dilutive.

## 27. NOTES TO STATEMENT OF CASHFLOWS

### a) Reconciliation of cash and cash equivalents

For the purpose of the Consolidated Statement 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 Consolidated Statement of Cash Flows is reconciled to the related items in the Consolidated Statement of Financial Position as follows:

	<b>Consolidated</b>	
	<b>For the year ended 30 Jun 2014 \$'000</b>	<b>*Restated For the year ended 30 Jun 2013 \$'000</b>
Cash assets	925	1 623
<b>b) Reconciliation of net cash flow from operating activities to net loss</b>		
<b>Net loss</b>	(19 628)	(68 033)
Add/(less) non-cash items		
Provision for rehabilitation	5 484	-
Impairment loss	-	17 008
Depreciation	2 008	5 132
Amortisation	143	13 950
Foreign exchange gain/(loss)	-	(321)
Unwinding of interest rate on provision for rehabilitation	187	76
Share based payments	20	695
Net change in fair value of available for sale financial assets	-	1 097
Gain on sale of investment	(784)	-
<b>Net cash used by operating activities before changes in assets and liabilities</b>	<u>(12 570)</u>	<u>(30 396)</u>
Changes in assets and liabilities during the financial year:		
Decrease in receivables	2 756	1 284
Decrease in inventories	1 000	4 998
Decrease/(Increase) in prepayments	252	(2 080)
Decrease in provisions	(511)	(717)
Decrease in payables	(2 403)	(6 744)
<b>Net cash used by operating activities</b>	<u>(11 476)</u>	<u>(33 655)</u>

\*Refer to note 14 for the full information regarding the impact of the prior period restatement as a result of the voluntary change in accounting policy.

## 28. EVENTS SUBSEQUENT TO BALANCE DATE

On 7 July 2014, the Company announced that it had reached an agreement with ABM Resources NL ('ABM') to lease the Coyote Gold Plant, associated infrastructure and underlying mining leases ('Coyote'). The terms of the lease agreement provides that ABM will pay the Company a licence fee equal to the Company's monthly Coyote care and maintenance costs (but not exceeding \$150,000 in any one month) during the licence term. The agreement also includes pre-emptive rights on the Company's surrounding mineral licences. The proposed leasing arrangements and associated options were approved by shareholders at an Extraordinary General Meeting on 25 August 2014.

Subject to conditions precedent the terms of the lease agreement include:

- A \$2.0 million lease payment made in advance for the first 12 months of production;
- An option to extend the lease for a further 12 months for a further lease payment of \$2.0 million; and
- An option to purchase Coyote for \$3.0 million.

On 24 July 2014, the Company drew down an additional A\$2.0 million from its unsecured A\$15.0 million loan facility with SHKIBBL leaving A\$6.0 million undrawn. These funds will be used to:

- Continue to fund the Coyote care and maintenance program and associated costs; and
- Provide additional working capital.

On 7 August 2014, the Company settled by way of Consent Orders the District Court Action, commenced by Australian Resources Contracting Pty. Limited in early 2012 for \$424,144.30 (plus ongoing hire fees, interest and costs), which provided for payment by the Company of \$150,000.

On 2 September 2014, the Company obtained a new legally binding letter of support from AP Finance Limited for the continuation of its offer to provide an unsecured Loan Facility of approximately A\$12.0 million. The Loan Facility repayment date has been extended to 31 March 2016 and the Company has not made any drawdowns (all terms and conditions are consistent with the original letter of support).

On 23 September 2014, the Company received a letter from SHKIBBL agreeing in principle to extend the A\$15.0 million unsecured Loan Facility repayment date from 31 March 2015 to 31 March 2016 (all terms and conditions are expected to be consistent with the original agreement) subject to contract.

## 29. 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.

### 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. The Consolidated Entity is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

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:

	Note	2014 \$'000	2013 \$'000
Cash and cash equivalents	9	925	1,623
Other receivables	10	2,918	6,128
Available for sale financial assets	11	-	1,881

**FINANCIAL RISK MANAGEMENT (CONTINUED)**

**1. Credit Risk (continued)**

The Consolidated Entity is exposed to minimal 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 \$2,918,254 in other receivables, \$2,584,136 relates to environmental performance bonds lodged with the Northern Territory Department Resources – Mineral and Energy and Newmont Australia Limited, \$32,988 relates to GST receivables and \$15,590 relates to fuel rebates; and
- Of the remaining \$285,540 of the Consolidated Entity's other receivables, \$21,843 relates to recharges to contractors engaged at the Coyote Gold Project and the Central Tanami Gold Project, \$133,487 relates to insurance prepayments and \$130,210 relates to a rental bond for the corporate office. 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 and when 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 2014**

	Carrying Amount \$'000	Contractual Cash Flows \$'000	6 Months Or Less \$'000	6-12 Months \$'000	1-2 Years \$'000	2-5 Years \$'000	More Than 5 Years \$'000
Finance lease liabilities	319	(330)	(220)	(110)	-	-	-
Loans (b)	7,052	(7,648)	(419)	(7,229)	-	-	-
Trade and other payables	785	(776)	(776)	-	-	-	-
	8,156	(8,754)	(1,415)	(7,339)	-	-	-

- It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.
- The loans shown in the preceding table relate to the Company's drawdowns under its A\$15.0 million unsecured Loan Facility with Sun Hung Kai International Bank (Brunei) Limited ('SHKIBBL'). The Loan Facility had a repayment date of 31 March 2015, subsequent to year end the Company is negotiating with SHKIBBL to extend the Loan Facility repayment date to 31 March 2016.

**Consolidated 30 June 2013**

	Carrying Amount \$'000	Contractual Cash Flows \$'000	6 Months Or Less \$'000	6-12 Months \$'000	1-2 Years \$'000	2-5 Years \$'000	More Than 5 Years \$'000
Finance lease liabilities	867	(922)	(372)	(220)	(110)	(220)	-
Loans (b)	9,077	(10,110)	(539)	(9,572)	-	-	-
Trade and other payables	2,879	(2,879)	(2,879)	-	-	-	-
	12,822	(13,911)	(3,790)	(9,792)	(110)	(220)	-

**3. Market Risk**

Market risk is the risk that changes in market prices, such as interest rates, commodity prices and equity prices will affect the Consolidated Entity's income or the value of its holdings of financial instruments. Financial instruments affected by market risk include loans and borrowings, deposits, available for sale financial assets and derivative financial instruments.

**Currency Risk**

The Consolidated Entity has no foreign denominated debt or cash.

**29. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**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 derivatives to mitigate these exposures.

	<b>Consolidated</b>	<b>Carrying Amount</b>
	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Fixed rate instruments</b>		
Finance lease liability	319	867
Loans	7,052	9,077
	<b>9,944</b>	<b>29,020</b>
<b>Variable rate instruments</b>		
Cash and cash equivalents	925	1,623
Other receivables*	2,714	5,323
	<b>6,946</b>	<b>8,211</b>

\* Other receivables which are variable rate instruments have been adjusted to reflect the Company's application with the WA Department of Mines and Petroleum to partake in the Mining Rehabilitation Fund that saw the return of its Coyote Rehabilitation bond (2013: \$2,336,000), Newmont Australia Limited \$1,105,000 (2013: \$1,105,000), and the NT Department of Resources \$1,479,136 (2013: \$1,777,426). In addition, \$130,210 (2013: \$130,593) has been held as a rental bond for the corporate office. 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.

**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 2013.

**30 June 2014**

	<b>Profit or loss</b>		<b>Equity</b>	
	<b>100bp increase</b>	<b>100bp decrease</b>	<b>100bp increase</b>	<b>100bp decrease</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Interest income on cash balance	9	(9)	9	(9)
Interest income on other receivables (term deposits)	27	(27)	27	(27)
Cash flow sensitivity (net)	36	(36)	36	(36)

**30 June 2013**

	<b>Profit or loss</b>		<b>Equity</b>	
	<b>100bp increase</b>	<b>100bp decrease</b>	<b>100bp increase</b>	<b>100bp decrease</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Interest income on cash balance	16	(16)	16	(16)
Interest income on other receivables (term deposits)	54	(54)	54	(54)
Cash flow sensitivity (net)	70	(70)	70	(70)

**4. 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:

<b>Consolidated</b>	<b>30 June 2014</b>		<b>30 June 2013</b>	
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Cash and cash equivalents	925	925	1,623	1,623
Available for sale financial assets	-	-	1,881	1,881
Other receivables	2,918	2,918	6,128	6,128
Trade and other payables	785	785	2,879	2,879
Finance lease liabilities	319	319	867	867
Loans	7,052	7,052	9,077	9,077

**29. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**5. 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 liabilities that are not based on observable market data (unobservable inputs).

<b>30 June 2014</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Available for sale financial assets	-	-	-	-
<b>30 June 2013</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Available for sale financial assets	1,881	-	-	1,881

**6. Commodity Price Risk**

The Consolidated Entity is not a gold producer and has no exposure to changes in the gold price.

**7. 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 debt and or 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.

The Consolidated Entity's debt-to-adjusted capital ratio at the end of the reporting period was as follows:

<b>Consolidated</b>	<b>2014</b>	<b>*Restated</b>
	<b>2013</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Total liabilities	19,420	19,071
Less: Cash and cash equivalents	(925)	(1,623)
	<u>18,495</u>	<u>17,448</u>
Total equity	19,195	22,343
Adjusted capital	<u>19,195</u>	<u>22,343</u>
Debt-to-adjusted capital ratio at 30 June	0.96	0.78



### 30. PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ended 30 June 2014 the parent company of the Consolidated Entity was Tanami Gold NL.

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Result of the parent entity</b>		
Loss for the year	(86 668)	(64 141)
Total comprehensive loss for the year	<u>(86 668)</u>	<u>(64 141)</u>
<b>Financial position of the parent entity at year end</b>		
Current assets	103	1 711
Total assets	<u>7 052</u>	<u>84 752</u>
Current liabilities	(7 057)	(9 084)
Total liabilities	<u>(7 057)</u>	<u>(9 084)</u>
<b>Total equity of the parent entity comprising of:</b>		
Issued capital	317 637	306 661
Accumulated losses	(319 516)	(232 848)
Share based payment reserve	1 873	1 854
<b>Total equity</b>	<u>(5)</u>	<u>75 667</u>

 **TANAMI GOLD NL**  
**DIRECTORS' DECLARATION**  
**FOR THE YEAR ENDED 30 JUNE 2014**

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In accordance with a resolution of the Directors of Tanami Gold NL (the Company), I state that:

1. In the opinion of the directors:
  - 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 Consolidated Entity's financial position as at 30 June 2014 and of its performance for the financial year ended on that date; and
    - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
  - b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1(b)
  - c) subject to note 1b, 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. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2014.

On behalf of the board



Gerard McMahon  
Non-Executive Chairman  
Perth, Western Australia  
24 September 2014



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

### Report on the financial report

We have audited the accompanying financial report of Tanami Gold NL (the Group), which comprises the consolidated statement of financial position as at 30 June 2014, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 30 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

#### *Directors' responsibility for the financial report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 1(b), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply 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 of the financial report that gives a true and fair view 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, a true and fair 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.

#### *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 2014 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards 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 section 13 of the directors' report for the year ended 30 June 2014. 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 2014, complies with Section 300A of the *Corporations Act 2001*.



  
Grant Robinson  
Partner

Perth

24 September 2014

**DISTRIBUTION OF EQUITY SECURITIES AS AT 24 SEPTEMBER 2014:**

Number of Securities Held			Number of Holders
1	-	1000	1,750
1,001	-	5,000	1,308
5,001	-	10,000	461
10,001	-	100,000	1,409
100,001	and	over	607
Total number of holders			5,535

**Holders of less than a marketable parcel as at 24 September 2014:**

Ordinary Shares 4,143 (19,171,400 shares)

**Holders of an uneconomical parcel as at 24 September 2014:**

Ordinary Shares 4,923 (64,208,126 shares)

**Substantial Shareholders as at 24 September 2014:**

-Allied Properties Resources Limited (APRL) – 378,115,786 Ordinary Shares

-Sun Hung Kai Investment Services Limited Future Rise Investments Limited – 166,713,248

## OPTIONS

### Options on issue as at 24 September 2014

Expiry Date	Type	Exercise Price	Number	Number of Holders
22 December 2016	Unquoted	\$1.34	300,000	1
28 March 2017	Unquoted	\$0.90	212,500	6
28 March 2017	Unquoted	\$1.00	200,000	5
			712,500	12

## VOTING RIGHTS

On a show of hand, every holder of ordinary shares present or by proxy shall have one vote. Upon a poll, each share shall have one vote.

## ON MARKET BUY BACK

There is no current on-market buy back.

### TOP 20 SHAREHOLDERS - ORDINARY FULLY PAID SHARES

Holder	Units Held	% of Units Issued
1 NEFCO NOM PL	378,115,786	32.18%
2 SUN HUNG KAI INV SVCS LTD	150,538,736	12.81%
3 CR INV PL	82,147,667	6.99%
4 JEMAYA PL	30,000,000	2.55%
5 PERTH SELECT SEAFOODS PL	20,227,500	1.72%
6 GERISE PL	20,000,000	1.70%
7 SUN HUNG KAI INV SVCS LTD	16,174,512	1.38%
8 LCY SUPER PL	14,910,000	1.27%
9 BNP PARIBAS NOMS PL	12,744,621	1.08%
10 JEMAYA PL	10,000,000	0.85%
11 YANDAL INV PL	8,250,001	0.70%
12 WADDELL DENIS P + F L	8,000,000	0.68%
13 CEN PL	6,496,120	0.55%
14 ACUMEN ENG PL	5,775,001	0.49%
15 BAILLIE QUINTIN + JEAN	5,700,000	0.49%
16 NATIONAL NOM LTD	5,520,342	0.47%
17 APACHE INV LTD	5,418,751	0.46%
18 CITICORP NOM PL	5,306,168	0.45%
19 LAWCAR PL	5,260,000	0.45%
20 GOLD ELEGANT HK INV LTD	5,000,000	0.43%
	<b>795,585,205</b>	<b>67.70%</b>

## SCHEDULE OF MINERAL TENEMENTS

WESTERN AUSTRALIA		Granted From	Expiry Date	Blocks
<b>WA (TGNL 100%)</b>				
E80/1481 *	Balwina	05/10/93	04/10/14	24
E80/1483	Bold Hill	16/04/92	15/04/15	15
E80/1679	Southside	15/03/94	14/03/15	18
E80/1737	Camel Hump	22/03/94	21/03/15	28
E80/3378	Tent Hill East	20/02/06	19/02/15	3
E80/3388	Olive	15/05/06	14/05/15	35
E80/3389	Popeye	15/05/06	14/05/15	35
E80/3665	Border	19/10/07	18/10/17	17
M80/559	Coyote 1	27/09/05	26/09/26	997 hectares
M80/560	Coyote 2	27/09/05	26/09/26	998 hectares
M80/561	Coyote 3	27/09/05	26/09/26	988 hectares
M80/563 <sup>1</sup>	Bald Hill 2	02/12/05	01/12/26	978 hectares
<b>WESTERN AUSTRALIA TOTAL</b>				<b>611 km<sup>2</sup></b>

\* Application for Extension of term lodged.

<sup>1</sup> Subject to royalty/claw back agreement with Barrick Gold of Australia Ltd.

## SCHEDULE OF MINERAL TENEMENTS

NORTHERN TERRITORY		Granted From	Expiry Date	Blocks
<b>CENTRAL TANAMI (TGNL 100%)</b>				
EL8797 *	Gamma	09/09/99	25/08/14	2
EL9763	Red Hills	24/07/00	23/07/15	7
EL9843	Chapmans Hill	27/03/06	31/12/15	21
EL10355	Red Hills North	04/06/01	03/06/15	4
EL10411	Tanami Downs North	04/06/01	03/06/15	7
EL22061	Farrands Hill South	27/03/06	31/12/15	13
EL22229	Question Mark Bore East	08/06/01	07/06/15	8
EL22378	Question Mark Bore Far East	08/06/01	07/06/15	6
EL23342	Coomarie	25/05/06	31/12/15	8
EL26925	Goanna 2	25/01/11	24/01/15	60
EL26926	Black Hills 2	25/01/11	24/01/15	276
EL28282	Suplejack	20/04/11	19/04/17	35
EL28474	Rushmore	12/03/13	11/03/19	148
EL(A)28283	Goat Creek 2	Application		72
EL(A)28613	Gamma East	Application		123
ML22934	Groundrush	14/09/01	13/09/26	3950 hectares
MLS119	Reward	15/05/64	31/12/30	8 hectares
MLS120	No. 1 South	15/05/64	31/12/30	8 hectares
MLS121	No. 2 South	15/05/64	31/12/30	8 hectares
MLS122	No. 3 South	15/05/64	31/12/30	8 hectares
MLS123	No. 4 South	15/05/64	31/12/30	8 hectares
MLS124	No. 1 North	15/05/64	31/12/30	8 hectares
MLS125	No. 2 North	15/05/64	31/12/30	8 hectares
MLS126	No. 3 North	15/05/64	31/12/30	8 hectares
MLS127	No. 4 North	15/05/64	31/12/30	8 hectares
MLS128	No. 5 North	15/05/64	31/12/30	7 hectares
MLS129	No. 6 North	15/05/64	31/12/30	8 hectares
MLS130	East Block	15/05/64	31/12/30	8 hectares
MLS131	No. 5 South	15/05/64	31/12/30	8 hectares
MLS132	No. 6 South	15/05/64	31/12/30	8 hectares
MLS133	South-East Block	15/05/64	31/12/30	8 hectares
MLS153	Tanami Extended	05/10/90	04/10/15	1000 hectares
MLS167	Matilda	13/10/95	31/12/20	1877 hectares
MLS168	Enterprise	13/10/95	31/12/20	712 hectares
MLS(A)172	Crusade	Application		3946 hectares
MLS180 <sup>2</sup>	Molech	18/11/98	31/12/22	804 hectares
<b>NORTHERN TERRITORY TOTAL</b>				<b>2,268 km<sup>2</sup></b>
<b>TOTAL HELD</b>				<b>2,879 km<sup>2</sup></b>

\* Application for Extension of term lodged.

<sup>2</sup> Subject to royalty agreement with BHP Billiton Nickel West Pty Ltd