T A N A M I
G O L D   N L

ABN 51 000 617 176

CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2014

CONTENTS

The Directors present their report together with the consolidated interim financial report of the consolidated entity, being the Company and its controlled entities, for the half-year ended 31 December 2014 and the auditor's independent review report thereon.

1. Directors

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

Name		***Period of Directorship***
Mr G.J. McMahon	Non-Executive Chairman	Appointed 23 April 2013 as a Non-Executive Director and Non-Executive Chairman as of 6 June 2013
Mr A.G. Dew	Non-Executive Director	Appointed 2 December 2011
Mr C.C. Procter	Non-Executive Director	Appointed 9 December 2011
Mr B. Montgomery	Non-Executive Director	Appointed 6 February 2013

2. Results

The consolidated entity has incurred a total comprehensive loss for the period ended 31 December 2014 of $2,677,000 (2013: Restated loss of $9,017,000).

3. Principal Activity

The principal activity of the consolidated entity during the course of the half-year was gold exploration and maintaining its producing assets on care and maintenance.

4. Corporate and Financial Overview

Coyote Plant Agreement with ABM Resources NL

On 7 July 2014, the Company announced that it had reached an agreement with ABM Resources NL ("ABM"), subject to the conditions precedent of both parties, to lease the Coyote Gold Plant and associated infrastructure ("Agreement"). The Agreement, which was approved by shareholders at an Extraordinary General Meeting on 25 August 2014, includes an option for ABM to purchase Coyote, infrastructure and the underlying mineral leases.

The conditions precedent are progressing and the Company expects ABM will make the first year's lease payment of $2.0 million when ABM ore is first processed through the processing plant after successful commissioning of the processing plant and ancillary infrastructure. Until the signing of the lease, ABM continues to contribute up to $150,000 per month towards the Coyote care and maintenance costs.

Australian Resources Contracting Pty Ltd District Court Action Settlement

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. The amount claimed was $424,144 (plus ongoing hire fees, interest and costs).

On 7 August 2014, the Company settled the District Court Action by way of Consent Orders which provided for payment by the Company of $150,000.

A$15 Million Loan Facility with Sun Hung Kai International Bank [Brunei] Limited

On 24 July 2014 and 19 December 2014, the Company made two drawdowns of A$2.0 million each from its unsecured A$15.0 million Loan Facility ("Loan Facility") with Sun Hung Kai International Bank [Brunei] Limited ("SHKIBBL") leaving A$4.0 million undrawn. These funds were used to provide additional working capital.

On 23 September 2014, the Company received a letter from SHKIBBL agreeing in principal and subject to contract to extend the Loan Facility repayment date from 31 March 2015 to 31 March 2016 (the Company is awaiting formalisation of the agreement to extend).

New Loan Facility with AP Finance Limited

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 ("Loan Offer"). The Loan Offer 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).

5. Review of Activities

Overview

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") 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 adjacent to the Tanami Track and approximately 90 kilometres east of Coyote. The Company placed Coyote on care and maintenance in April 2013.

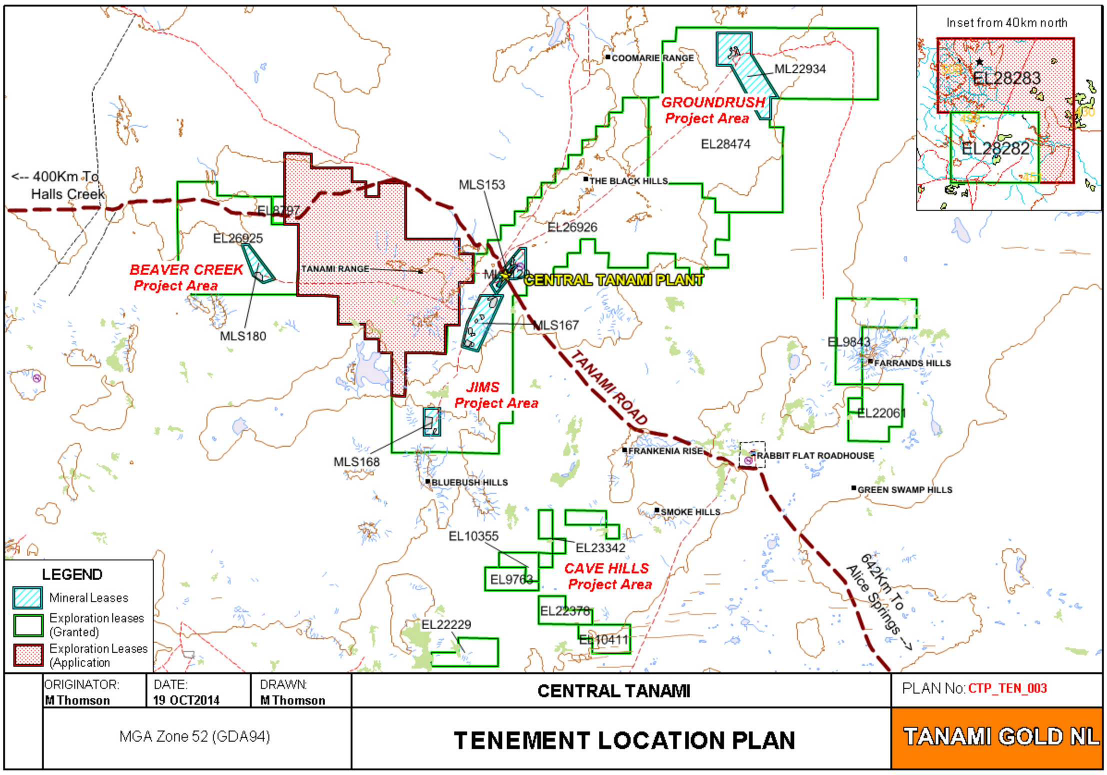
Coyote Project

The Company placed Coyote on care and maintenance in April 2013. Refer to the Coyote Plant Agreement with ABM Resources NL above in Section 4 *Corporate and Financial Overview* for an update on the status of the Coyote Project.

Exploration

Exploration activities focused on the Central Tanami Project ("CTP") with Aircore drilling and surface exploration carried out in four main project areas, identified from a broad scale project review of the CTP in mid-2014. Drilling was conducted during October and November 2014 with a total of 9,426 metre drilled.

Figure 1



Cave Hills Drilling

The purpose of the drilling at Cave Hills was to test low level gold anomalism identified in surface sampling while also providing geological information of the underlying geology. Drilling confirmed the presence of low level gold anomalism with no significant gold mineralisation defined. This low level anomalism appears to be associated with basalts similar in appearance to the main Mt Charles Formation that hosts several of the Company's gold deposits, but lacks the structural features seen in these deposits.

Jims South Drilling

Drilling was conducted to the southeast of the existing Jims Deposit (116Koz mined) targeting potential continuation of the Jims mineralisation to the southeast along an interpreted fault zone. Drilling intercepted basalts and sediments with narrow quartz veins with sporadic gold mineralisation associated with the quartz veining. These veins correlate well with existing gold anomalism identified at surface and suggest mineralisation is localised and discontinuous and has limited potential of being economic.

Beaver Creek and Groundrush Drilling

Two small programs were carried out at these projects areas with drilling focused on confirming existing mineralisation and/or veining in close proximity of the existing open pits. At Beaver Creek, gold mineralisation was confirmed while at Groundrush, the veining was confirmed at depth, although with no mineralisation present. Further work is required at Beaver Creek.

Business Strategies and Prospects

During the period, the Board has continued to maintain a focus towards reducing the costs and overheads across the entire Company. In addition, the Board has continued to work with ABM towards leasing the Coyote Gold Plant and associated infrastructure.

The Board's primary concern is to restore and grow shareholder value.

6. Subsequent Events

On 9 February 2015, the Company announced it had entered into a binding conditional joint venture heads of agreement ("MLX HoA") with Metals X Limited ("MLX") regarding the Company's Central Tanami Project ("CTP") in the Northern Territory.

The material terms of the MLX HoA are as follows:

- The disposal and acquisition of the CTP pursuant to the MLX HoA is subject to the satisfaction or waiver of a number of conditions precedent, including:
    - the grant of all approvals, consents, registrations under the Mining Legislation required for MLX to validly and lawfully acquire the interests in the CTP or third party agreements;
    - MLX obtaining all regulatory approvals or waivers required by MLX in order to give effect to the MLX HoA, including any shareholders' approvals required under the Listing Rules or the Corporations Act; and
    - the Company and Tanami (NT) Pty Ltd ("Tanami NT") obtaining all regulatory approvals or waivers required by the Company or Tanami NT (as applicable) in order to give effect to the MLX HoA, including any shareholders' approvals required under the Listing Rules or the Corporations Act.

- MLX will acquire a 25% direct interest in the CTP for $11.0 million cash and 4 million MLX shares (valued on the basis of volume weighted average price during the 30 days prior to the Completion Date as advised in the MLX HoA);
- Upon completion of the acquisition of the initial interest, MLX and Tanami NT will form an unincorporated joint venture to conduct exploration, development, mining, treatment and associated activities in relation to the CTP. MLX will be the manager of all joint venture activities;
- MLX will solely fund all joint venture expenditure and keep the tenements in good standing and all exploration and evaluation expenditure, including plant refurbishment, required to progress the CTP

through to commercial production at which point MLX will earn an additional 50% undivided interest in the CTP; and

- The MLX HoA provides Tanami NT with a put option to sell Tanami NT's remaining 25% undivided interest in the CTP to MLX at any time during the period commencing on completion of the acquisition of the initial 25% undivided interest and expiring on the date that is six calendar months after the date on which commercial production is first achieved for an amount of $32.0 million in cash or MLX shares (at Tanami NT's election).

Subsequent to entering the MLX HoA, on 26 February 2015, the Company announced it had received an unsolicited alternative proposal from Northern Star Resources Limited ("NST") in relation to the CTP and after careful consideration of the terms and conditions of both the MLX HoA and the NST proposal, entered into a binding conditional joint venture heads of agreement ("NST HoA") pursuant to which NST will progressively acquire a 60% joint venture interest in the CTP.

The key terms of the NST HoA are as follows:

- The disposal and acquisition of the CTP pursuant to the NST HoA is subject to the satisfaction or waiver of a number of conditions precedent, including:
    - the termination of the MLX HoA;
    - the grant of all approvals, consents, registrations under the Mining Legislation required for NST to validly and lawfully acquire the interests in the tenements or third party agreements;
    - the Company and Tanami NT obtaining all regulatory approvals or waivers required by the Company or Tanami NT (as applicable) in order to give effect to the NST Agreement, including any shareholders' approvals required under the Listing Rules or the Corporations Act; and
    - the Company or Tanami NT not receiving a superior proposal during the period from the announcement date up until the time of the shareholders meeting.

- NST will acquire an undivided initial interest of 25% in the CTP for $11.0 million cash and 4,290,228 NST shares which have a value of A$9.0 million;
- Upon completion of the acquisition of the initial interest of 25% in the CTP, NST and Tanami NT will form an unincorporated joint venture to conduct exploration, development, mining, treatment and associated activities in relation to the CTP. NST will be the manager of all joint venture activities;
- NST will solely fund all joint venture expenditure and keep the tenements in good standing and all exploration and evaluation expenditure, including plant refurbishment, required to progress the CTP through to commercial production at which point NST will earn an additional 35% undivided interest in the CTP;
- The NST HoA provides Tanami NT with two put options as follows:
    - The first put option grants Tanami NT the right to sell a 15% undivided interest in the CTP to NST for A$20.0 million in cash or NST shares (at the Tanami NT's election), at any time during the period commencing on completion of the acquisition of the initial 25% undivided interest and expiring on the earlier of 30 calendar days following the achievement of commercial production or three years after completion. If commercial production is achieved more than three years after completion the Company may exercise this option at any time up to 30 calendar days following achievement of commercial production; and
    - The second put option grants Tanami NT the right to sell a 25% undivided interest in the CTP to NST for A$32.0 million in cash or NST shares (at Tanami NT's election), at any time during the period commencing on completion of the acquisition of the initial 25% undivided interest and expiring on a date six calendar months following the achievement of commercial production.

The Board has carefully considered the transactions contemplated by the MLX HoA and the NST HoA, the Company's obligations under each of the MLX HoA and the NST HoA and the Board's fiduciary and statutory duties and, having taken legal advice, has approved the proposal to put both the MLX HoA and the NST HoA to shareholders at a general meeting so that shareholders have the opportunity to consider both proposed transactions and determine which transaction to approve.

On 10 March 2015, the Company received a letter from the solicitors for MLX in respect to the MLX HoA and NST HoA.

MLX has made various allegations, including the allegations that:

- the Company has breached the MLX HoA by engaging with NST, negotiating a deal with NST and putting that deal to the Company shareholders as an alternative to the MLX deal and by recommending the Company's shareholders vote in favour of the NST deal and against the MLX deal; and
- the Company's announcement to shareholders on 26 February 2015 was misleading or deceptive by reason of stating that the opinion of the Board was that the NST deal was superior to the MLX deal, as the opinion of the Board did not take into account the claim for damages which MLX proposes to make.

The Company's board notes that the NST proposal was unsolicited and specifically disputes MLX's allegations and specifically disputes that it has ever recommended to the Company's shareholders that they vote in favour of the NST deal and against the MLX deal. The Company is currently obtaining legal advice in respect of the matter and will keep the market updated on this matter by way of ASX announcements.

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

The directors have received confirmation from the auditor of Tanami Gold NL that they are independent of the Company.

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act is included on the following page and forms part of the directors' report for the half year ended 31 December 2014.

8. Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest $1000 (unless otherwise stated) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the Directors:

G McMahon

Gerard McMahon
Non-Executive Chairman
Perth, Western Australia
14 March 2015

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 review for the half-year ended 31 December 2014 there have been:

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

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

KPMG.

KPMG

R Gambitta
Partner

Perth

14 March 2015

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the half-year ended 31 December 2014

	Note	31 Dec 2014 $'000	*Restated 31 Dec 2013 $'000
Revenue from operating activities		30	498
Mine operating costs (incl depreciation and amortisation)	7	(1,235)	(4,224)
Profit on sale of assets		223	782
Other income		871	15
Exploration and evaluation expenses	8	(1,239)	(4,015)
Corporate and other expenses		(698)	(1,243)
Results from operating activities		(2,048)	(8,187)
Financial income		29	106
Financial expenses		(658)	(936)
Net financing expense		(629)	(830)
Loss before tax		(2,677)	(9,017)
Income tax expense		-	-
Loss from operations		(2,677)	(9,017)
Total comprehensive loss for the period attributable to owners of the Company		(2,677)	(9,017)
Earning per share			
Basic loss per share		(0.002)	(0.030)
Diluted loss per share		(0.002)	(0.030)

*Refer to note 9 for details of restatement

The condensed consolidated interim statement of comprehensive income is to be read in conjunction with the condensed notes to the consolidated interim financial report.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
For the half-year ended 31 December 2014

	Note	31 Dec 2014 $'000	*Restated 30 Jun 2014 $'000
Assets			
Current Assets			
Cash and cash equivalents		1,842	925
Trade and other receivables		945	204
Inventories	9	1,602	1,482
Total Current Assets		4,389	2,611
Non-Current Assets			
Other receivables		2,514	2,714
Property, plant and equipment	10	5,774	7,086
Exploration and evaluation	8	20,719	20,719
Total Non-Current Assets		29,007	30,519
Total Assets		33,396	33,130
Liabilities			
Current Liabilities			
Interest bearing liabilities	11	11,165	7,372
Trade and other payables		982	785
Provisions		93	155
Total Current Liabilities		12,240	8,312
Non-Current Liabilities			
Provisions		10,123	11,108
Total Non-Current Liabilities		10,123	11,108
Total Liabilities		22,363	19,420
Net Assets		**11,033**	**13,710**
Equity			
Issued capital	12	317,637	317,637
Accumulated losses		(306,876)	(305,800)
Reserves		272	1,873
Total Equity Attributable to Equity Holders of the Company		**11,033**	**13,710**

*Refer to note 9 for details of restatement

The condensed consolidated interim statement of financial position is to be read in conjunction with the condensed notes to the consolidated interim financial report.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2014

	Issued Capital $'000	Accumulated Losses $'000	Share Based Payment Reserve $'000	Total Equity $'000
Balance at 1 July 2013 (*Restated)	306,661	(286,172)	1,854	22,343
Total comprehensive income for the period				
Loss for the period	-	(9,017)	-	(9,017)
Total comprehensive loss for the period	-	(9,017)	-	(9,017)
Transactions with owners, recorded direct to equity				
Amount expensed for options issued	-	-	23	23
Total contributions by the distributions to owners	-	-	23	23
Shares issued during the half-year, net of costs	6,334	-	-	6,334
Total transaction with owners	6,334	-	23	6,357
Balance at 31 December 2013	**312,995**	**(295,189)**	**1,877**	**19,683**
Balance at 1 July 2014	317,637	(305,800)	1,873	13,710
Total comprehensive income for the period				
Loss for the period	-	(2,677)	-	(2,677)
Total comprehensive loss for the period	-	(2,677)	-	(2,677)
Transactions with owners, recorded direct to equity				
Transfer of forfeited options to retained earnings (note 12)	-	1,601	(1,601)	-
Total contributions by the distributions to owners	-	1,601	(1,601)	-
Total transaction with owners	-	1,601	(1,601)	-
Balance at 31 December 2014	**317,637**	**(306,876)**	**272**	**11,033**

*Refer to note 9 for details of restatement

The condensed consolidated interim statement of changes in equity is to be read in conjunction with the condensed notes to the consolidated interim financial report.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
For the half-year ended 31 December 2014

	Consolidated	
	For the half-year ended 31 Dec 2014	*Restated For the half year ended 31 Dec 2013
	$'000	$'000
Cash flows from operating activities		
Cash receipts from customers	30	521
Cash receipts from ABM for care and maintenance	589	-
Cash payments in the course of operations	(2,390)	(6,246)
Cash payments for withholding tax	(34)	(31)
Interest received	35	93
Interest paid	(237)	(429)
Payments for exploration and evaluation	(1,144)	(3,048)
Payments for exploration security deposits	-	(71)
Proceeds from exploration security deposit refunds	201	2,605
Net cash used by operating activities	(2,950)	(6,606)
Cash flows from investing activities		
Payments for property, plant and equipment	(22)	(30)
Proceeds from sale of property, plant and equipment	109	-
Proceeds from sale of financial assets	-	2,665
Payments for development expenditure	-	(1,288)
Net cash provided from investing activities	87	1,347
Cash flows from financing activities		
Net proceeds from issue of shares and options	-	6,761
Proceeds from borrowings	4,000	6,000
Repayment of finance lease liabilities	(220)	(372)
Net cash provided from financing activities	3,780	12,389
Net increase in cash and cash equivalents held	917	7,130
Cash and cash equivalents at beginning of the period	925	1,623
Cash and cash equivalents at the end of the period	1,842	8,753

*Refer to note 9 for details of restatement

The condensed consolidated interim statement of cash flows is to be read in conjunction with the condensed notes to the consolidated interim financial report.

1. Reporting Entity

Tanami Gold NL (the "Company") is a company domiciled in Australia. The condensed consolidated interim financial statements of the Company as at and for the six months ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the "Consolidated Entity") and the Consolidated Entity's interests in associates and jointly controlled entities. The Consolidated Entity primarily is involved in gold exploration.

The consolidated annual financial statements of the Consolidated Entity as at and for the year ended 30 June 2014 are available upon request from the Company's registered office at Unit B1, 431 Roberts Road, Subiaco, WA 6005 or at www.tanami.com.au.

2. Statement of Compliance

These condensed consolidated interim financial statements are a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Consolidated Entity as at and for the year ended 30 June 2014.

These condensed consolidated interim financial statements were approved by the Board of Directors on 14 March 2015.

3. 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 incurred a total comprehensive loss for the half year ended 31 December 2014 of $2,677,000 (2013: Restated loss $9,017,000). At 31 December 2014, it had a net current asset deficit of $7,851,000 (30 June 2014: Deficit $5,701,000).

At 31 December 2014, the Company had drawn down a total of A$11.0 million under its existing A$15.0 million Loan Facility with Sun Hung Kai International Bank (Brunei) Limited ('SHKIBBL'). The Loan Facility is a current liability at 31 December 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. The Company is awaiting formalisation of the agreement to extend the repayment 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.

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).

On 9 February 2015 and 26 February 2015, the Company announced it had entered into two binding conditional joint venture heads of agreement with Metals X Limited ("MLX HoA") and Northern Star Resources Limited ("NST HoA") respectively. The significant terms of each are included in note 15 Subsequent Events.

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, subject to the ongoing availability of loan funding.

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.

4. Significant Accounting Polices

The accounting policies applied by the Consolidated Entity in these condensed consolidated interim financial statements are the same as those applied by the Consolidated Entity in its consolidated financial statements as at and for the year ended 30 June 2014.

5. Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and 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.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Consolidated Entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2014.

6. Dividends

There were no dividends paid or provided for during the half year and up to the date of this report.

7. Mine Operating Costs	**31 Dec 2014 $'000**	**31 Dec 2013 $'000**
Mine operating costs	1,235	4,224
Which includes:		
Mining	159	2,491
Processing	341	201
Site administration	822	908
Depreciation and amortisation	1,017	624
Change in provision estimate	(1,104)	-
	1,235	4,224

8. Exploration and Evaluation	31 Dec 2014 $'000	30 Jun 2014 $'000
Acquired exploration and evaluation costs carried forward	20,719	20,719
Reconciliation of movement during the period		
Carrying amount at beginning of the period	20,719	20,719
Expenditure during the period	1,239	5,103
Exploration expensed during the period	(1,239)	(5,103)
	20,719	20,719

9. Change of Accounting Policy

The consolidated financial statements to 31 December 2014 were prepared incorporating retrospective application of a voluntary change in the accounting policy relating to exploration and evaluation expenditure.

The new exploration expenditure accounting policy adopted on 30 June 2014 and applied retrospectively was to expense all exploration and evaluation expenditure as incurred, apart from acquisition costs, which are carried forward where the right to tenure of the area of interest is current, and they are expected to be recouped through sale or successful developments and exploitation of the area of interest, or where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

The previous accounting policy was that expenditure and evaluation activities in relation to areas of interest which had not reached a stage which permitted reasonable assessment of the existence or otherwise of economically recoverable reserves were capitalised as incurred.

The Directors believe that the change in accounting policy will provide more relevant information and no less reliable information to users of the consolidated financial statements. Both the previous and the new accounting policy are compliant with AASB 6 Exploration for Evaluation of Minerals Resources, which permits a choice of accounting policy.

As a result of this change in accounting policy, exploration expenditure totalling $4,015,000 which was previously capitalised in the comparative period has been retrospectively expensed in the comparative period restated Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income. The impact of this is also reflected in accumulated losses in the Consolidated Interim Statement of Changes in Equity and comparative earnings per share disclosure and also the Consolidated Statement of Cash Flows where payments for exploration, evaluation and development are no longer recorded as investment activities but operating activities.

10. Inventories	31 Dec 2014 $'000	30 Jun 2014 $'000
Inventories		
Raw materials and stores	1,602	1,482

In accordance with its accounting policy, the Company has stated inventories at the lower of cost or net realisable value.

11. Property, Plant and Equipment	31 Dec 2014 $'000	30 Jun 2014 $'000
Property, Plant & Equipment		
Property, plant & equipment (at cost net of depreciation and amortisation)	5,774	7,086
Reconciliation		
Carrying amount at beginning of the period	7,086	8,579
Additions (i)	22	517
Disposals	(2,732)	(2)
Accumulated depreciation on disposals	2,406	-
Depreciation	(1,008)	(2,008)
Carrying amount at end of the period	5,774	7,086
(i) Additions for the period:		
Plant and equipment	22	533
Movement in capital works in progress	-	(16)
	22	517

12. Interest Bearing Liabilities	Effective Interest Rate	Maturity	31 Dec 2014 $'000	30 Jun 2014 $'000
Current				
Finance lease liabilities			109	320
Loan (i)	6%	31-Mar-15	11,056	7,052
			11,165	7,372

(i) At 31 December 2014, the Company has drawn down A$11.0 million from its A$15.0 million unsecured loan facility with SHKIBBL 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 prorated basis if loan repayments are made) and a non-refundable facility fee of 3% per annum. 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.

13. Issued Capital	31 Dec 2014 $'000	30 Jun 2014 $'000
Share Capital		
1,175,097,046 (2014: 1,175,097,046) ordinary shares, fully paid	317,637	317,637

During the half year ended 31 December 2014, 137,500 options were forfeited and the Company transferred $1.60 million of employee options expenses from the share based payment reserve to retained earnings (refer to the Consolidated Interim Statement of Changes in Equity).

14. Segment Information

The consolidated entity operates in the gold exploration and gold mining industry in the Tanami region of central Australia.

Information about reportable segments

In thousands AUD	Gold Production (on care and maintenance) 31 Dec 2014 $'000	Gold Production (on care and maintenance) 31 Dec 2013 $'000	Exploration 31 Dec 2014 $'000	Exploration 31 Dec 2013 $'000	Total 31 Dec 2014 $'000	Total 31 Dec 2013 $'000
Revenues	30	498	-	-	30	498
Interest income	16	56	11	14	27	70
Depreciation and amortisation	(674)	(624)	(334)	(352)	(1,008)	(976)
Reportable segment loss before income tax	(776)	(3,669)	(1,716)	(4,002)	(2,492)	(7,671)
Reportable segment assets	5,955	7,783	25,540	26,348	31,495	34,131
Reportable segment liabilities	9,255	6,137	2,045	1,797	11,300	7,934
Capital expenditure	-	-	22	(576)	22	(576)

Reconciliation of reportable segment revenues, profit or loss, assets and liabilities and other material items	Consolidated 31 Dec 2014 $'000	Consolidated 31 Dec 2013 $'000 Restated
Revenue and other income		
Total revenue and other income for reportable segments	30	498
Consolidated revenue and other income	30	498
Profit or loss		
Total loss for reportable segments	(2,492)	(7,671)
Profit on sale of assets	223	782
Other income	871	15
Unallocated amounts: other expenses	(1,279)	(2,143)
Consolidated loss before income tax	(2,677)	(9,017)
Assets		
Total assets for reportable segments	31,495	34,131
Other unallocated amounts	1,901	13,903
Consolidated total assets	33,396	48,034
Liabilities		
Total liabilities for reportable segments	11,300	7,934
Other unallocated amounts	11,063	20,417
Consolidated total liabilities	22,363	28,351

15. Subsequent Events

On 9 February 2015, the Company announced it had entered into a binding conditional joint venture heads of agreement ("MLX HoA") with Metals X Limited ("MLX") regarding the Company's Central Tanami Project ("CTP") in the Northern Territory.

The material terms of the MLX HoA are as follows:

- The disposal and acquisition of the CTP pursuant to the MLX HoA is subject to the satisfaction or waiver of a number of conditions precedent, including:
    - the grant of all approvals, consents, registrations under the Mining Legislation required for MLX to validly and lawfully acquire the interests in the CTP or third party agreements;
    - MLX obtaining all regulatory approvals or waivers required by MLX in order to give effect to the MLX HoA, including any shareholders' approvals required under the Listing Rules or the Corporations Act; and
    - the Company and Tanami (NT) Pty Ltd ("Tanami NT") obtaining all regulatory approvals or waivers required by the Company or Tanami NT (as applicable) in order to give effect to the MLX HoA, including any shareholders' approvals required under the Listing Rules or the Corporations Act.
- MLX will acquire a 25% direct interest in the CTP for $11.0 million cash and 4 million MLX shares (valued on the basis of volume weighted average price during the 30 days prior to the Completion Date as advised in the MLX HoA);
- Upon completion of the acquisition of the initial interest, MLX and Tanami NT will form an unincorporated joint venture to conduct exploration, development, mining, treatment and associated activities in relation to the CTP. MLX will be the manager of all joint venture activities;
- MLX will solely fund all joint venture expenditure and keep the tenements in good standing and all exploration and evaluation expenditure, including plant refurbishment, required to progress the CTP through to commercial production at which point MLX will earn an additional 50% undivided interest in the CTP; and
- The MLX HoA provides Tanami NT with a put option to sell Tanami NT's remaining 25% undivided interest in the CTP to MLX at any time during the period commencing on completion of the acquisition of the initial 25% undivided interest and expiring on the date that is six calendar months after the date on which commercial production is first achieved for an amount of $32.0 million in cash or MLX shares (at Tanami NT's election).

Subsequent to entering the MLX HoA, on 26 February 2015, the Company announced it had received an unsolicited alternative proposal from Northern Star Resources Limited ("NST") in relation to the CTP and after careful consideration of the terms and conditions of both the MLX HoA and the NST proposal, entered into a binding conditional joint venture heads of agreement ("NST HoA") pursuant to which NST will progressively acquire a 60% joint venture interest in the CTP.

The key terms of the NST HoA are as follows:

- The disposal and acquisition of the CTP pursuant to the NST HoA is subject to the satisfaction or waiver of a number of conditions precedent, including:
    - the termination of the MLX HoA;
    - the grant of all approvals, consents, registrations under the Mining Legislation required for NST to validly and lawfully acquire the interests in the tenements or third party agreements;
    - the Company and Tanami NT obtaining all regulatory approvals or waivers required by the Company or Tanami NT (as applicable) in order to give effect to the NST Agreement, including any shareholders' approvals required under the Listing Rules or the Corporations Act; and
    - the Company or Tanami NT not receiving a superior proposal during the period from the announcement date up until the time of the shareholders meeting.
- NST will acquire an undivided initial interest of 25% in the CTP for $11.0 million cash and 4,290,228 NST shares which have a value of A$9.0 million;

- Upon completion of the acquisition of the initial interest of 25% in the CTP, NST and Tanami NT will form an unincorporated joint venture to conduct exploration, development, mining, treatment and associated activities in relation to the CTP. NST will be the manager of all joint venture activities;
- NST will solely fund all joint venture expenditure and keep the tenements in good standing and all exploration and evaluation expenditure, including plant refurbishment, required to progress the CTP through to commercial production at which point NST will earn an additional 35% undivided interest in the CTP;
- The NST HoA provides Tanami NT with two put options as follows:

    - The first put option grants Tanami NT the right to sell a 15% undivided interest in the CTP to NST for A$20.0 million in cash or NST shares (at the Tanami NT's election), at any time during the period commencing on completion of the acquisition of the initial 25% undivided interest and expiring on the earlier of 30 calendar days following the achievement of commercial production or three years after completion. If commercial production is achieved more than three years after completion the Company may exercise this option at any time up to 30 calendar days following achievement of commercial production; and
    - The second put option grants Tanami NT the right to sell a 25% undivided interest in the CTP to NST for A$32.0 million in cash or NST shares (at Tanami NT's election), at any time during the period commencing on completion of the acquisition of the initial 25% undivided interest and expiring on a date six calendar months following the achievement of commercial production.

The Board has carefully considered the transactions contemplated by the MLX HoA and the NST HoA, the Company's obligations under each of the MLX HoA and the NST HoA and the Board's fiduciary and statutory duties and, having taken legal advice, has approved the proposal to put both the MLX HoA and the NST HoA to shareholders at a general meeting so that shareholders have the opportunity to consider both proposed transactions and determine which transaction to approve.

On 10 March 2015, the Company received a letter from the solicitors for MLX in respect to the MLX HoA and NST HoA.
MLX has made various allegations, including the allegations that:

- the Company has breached the MLX HoA by engaging with NST, negotiating a deal with NST and putting that deal to the Company shareholders as an alternative to the MLX deal and by recommending the Company's shareholders vote in favour of the NST deal and against the MLX deal; and
- the Company's announcement to shareholders on 26 February 2015 was misleading or deceptive by reason of stating that the opinion of the Board was that the NST deal was superior to the MLX deal, as the opinion of the Board did not take into account the claim for damages which MLX proposes to make.

The Company's board notes that the NST proposal was unsolicited and specifically disputes MLX's allegations and specifically disputes that it has ever recommended to the Company's shareholders that they vote in favour of the NST deal and against the MLX deal. The Company is currently obtaining legal advice in respect of the matter and will keep the market updated on this matter by way of ASX announcements.

DIRECTORS' DECLARATION
For the half-year ended 31 December 2014

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

1. In the opinion of the Directors:

   a) The financial statements and notes of Tanami Gold NL for the half year ended 31 December 2014 are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of its financial position as at 31 December 2014 and performance;

      (ii) complying with Accounting Standards AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

   b) As set out in Note 3, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board

G McMahon

Gerard McMahon
Non-Executive Chairman
Perth, Western Australia
14 March 2015

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

We have reviewed the accompanying interim financial report of Tanami Gold NL, which comprises the condensed consolidated interim statement of financial position as at 31 December 2014, condensed consolidated interim statement of profit and loss and other comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the interim period ended on that date, notes 1 to 15 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 half-year's end or from time to time during the interim period.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation of the interim 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 interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2014 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Tanami Gold NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Tanami Gold NL is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the interim period ended on that date; and

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

KPMG.

KPMG

R Gambitta
Partner

Perth

14 March 2015