



**ABN 51 000 617 176**

**2016 ANNUAL REPORT**

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I am pleased to present to shareholders the Annual Report of Tanami Gold NL for the year ended 30 June 2016.

The Company made a profit for the year of \$12,569,000 which was the first time the Company has recorded profitability since it was listed in 2008. In addition, the Company had cash at Bank of \$9,180,000 and held 1,000,000 Northern Star Resources Limited ("NST") shares worth \$4,940,000. The results for the year, therefore, represent the best financial position the Company has enjoyed. Shareholders will also note that the Company is now debt free.

The Company's Joint Venture with NST is progressing and NST has carried out a drilling programme, to delineate the Groundrush Resource in preparation for the recommencement of operations at the Groundrush Mine in the Central Tanami.

The Lease with ABM Resources Limited ("ABM") was not renewed and ABM did not take up its option to purchase the Coyote Processing Plant and associated infrastructure. Their reasons have been the subject of Announcements by them so there is no need to elaborate.

The litigation with Metals X Limited ("MLX") has been settled to the Company's satisfaction. The Company's legal advice had been consistent with previous Company announcements that the MLX Case was spurious but, with the vagaries of litigation and the need to focus executive time on the Business, it was felt best to put the Matter behind us.



Gerard McMahon  
**Non-Executive Chairman**

**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				
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 <sup>10</sup>	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 <sup>10</sup>	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 was compiled by Mr Bill Makar (MAusIMM), former Consultant Geologist – Tanami Gold NL, Mr Michael Thomson (MAusIMM), former Principal Geologist for Tanami Gold NL, Mr Steven Nicholls (MAIG), former Senior Geologist for Tanami Gold NL, Mrs Claire Hillyard (MAusIMM), former 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 (30th April 2014) represent the date of the most recent update of a Resource within this table.
9. Within the WTP stated Figures is the Kavanagh Resource that is compliant to the JORC Code 2012, all other Resources were prepared and first disclosed under the JORC Code 2004 and have 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.
10. On 4th of August 2015, an unincorporated joint venture was formed between the Company and Northern Star Resources Limited who purchased an initial 25% interest in the Company's Central Tanami Project ("CTP"). At the time of this report, the Company retains a 75% interest in the CTP Resources stated in this table.

**Table 2: Central Tanami Project Mineral Resources as at 1 January 2013 (75% Tanami)**

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 wire framed 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 consultant geologist Mr Michael Thomson of MiGeo Enterprise Pty Ltd. 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 consultant geologist Mr Michael Thomson of MiGeo Enterprise Pty Ltd. 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.*

*The information in this report that relates to all Geological Data and Exploration Results is based on, and fairly represents information and supporting documentation compiled by consultant geologist Dr Joanna Pearson of Odyssey Directions Pty Ltd. Dr Pearson 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 she 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". Dr Pearson consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.*

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 2016 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 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 Chairman and Non-Executive Director of Hong Kong listed companies Allied Group Limited, Allied Properties (H.K) Limited and APAC Resources Limited and is a Non-Executive Director of Hong Kong listed SHK Hong Kong Industries Limited. He is also Non-Executive Chairman of ASX listed company's Dragon Mining Limited and Tian An Australian (previously known as PBD Developments Limited) (appointed 3 December 2015).

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. Mr Procter has been a Non-Executive Director of a number of public companies. He is a Non-Executive Director of ASX listed company Dragon Mining Limited.

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 (resigned 19 August 2016) and Non-Executive Director of EZA Corporation Ltd on 19 November 2014 (resigned 18 January 2016) and Non-Executive Director of Bard1 Life Sciences Limited (formerly Eurogold Limited) on 17 November 2014.

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

## 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	3	3	2	2	-	-
Mr A Dew	3	3	-	-	-	-
Mr C Procter	3	3	2	2	-	-
Mr B Montgomery	3	3	2	2	-	-
Mr M Wong*	-	-	-	-	-	-

\* Alternate for Mr Dew

## 4. Nature of Operations and Principal Activities

The Company is a no liability company and is domiciled and incorporated in Australia. The principal activity of the Consolidated Entity during the course of the financial year was gold exploration. 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"), 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, leased to ABM Resources NL for 12 months commencing 14 July 2015, and the surrounding Western Tanami Tenements. The Company's principal asset, the Central Tanami Project ("CTP") in the Northern Territory is located adjacent to the Tanami Track approximately 90 kilometres east of Coyote and is the subject of an unincorporated joint venture with Northern Star Resources NL.

## 5. Operating and Financial Review

### Joint Venture with Northern Star Resources Limited

On 3 August 2015, the Company announced that the conditions precedent to the Northern Star Resources Limited ("NST") Heads of Agreement ("NST HoA") for the CTP had been satisfied and Completion had occurred resulting in the formation of an unincorporated joint venture ("JV") between the Company (75%) and NST (25%). In accordance with the NST HoA:

- NST paid the Company \$11.0 million in cash and issued 4,290,228 NST shares to the Company (the shares are not subject to escrow provisions);
- NST became the Manager of all JV activities and will sole fund all JV expenditure during the Sole Funding Period; and
- JV expenditure includes all costs in connection with the JV activities, including management, exploration, evaluation, assessment, development, mining the tenements which are subject of the JV and, in addition, refurbishing the CTP process plant and associated infrastructure.

The Sole Funding Period will expire on the date on which the process plant at the CTP has been refurbished to operating condition and has operated for a continuous 30 day period or has produced 5,000 ounces of gold ore (whichever occurs first). On the expiry of the Sole Funding Period, NST will have earned a further 35% undivided interest in the CTP (taking NST's total JV Interest to 60%).

### Coyote Plant Agreement with ABM Resources NL

The Coyote Plant Agreement ("Agreement") with ABM Resources NL ("ABM") Initial Lease Term ("Lease") was for 12 months commencing 14 July 2015.

On 13 April 2016, the Company received formal notification from ABM in accordance with the Agreement advising ABM would not be renewing the Lease for a further term of 12 months or exercising an option to purchase Coyote.

ABM remained solely responsible for the management and maintenance of Coyote in accordance with the Agreement up to 13 July 2016 at which point the management and maintenance of Coyote was passed back to the Company.

Refer to section 9 Events Subsequent to Reporting Date for further information.



**Exploration**

**Western Tanami (100% Tanami)**

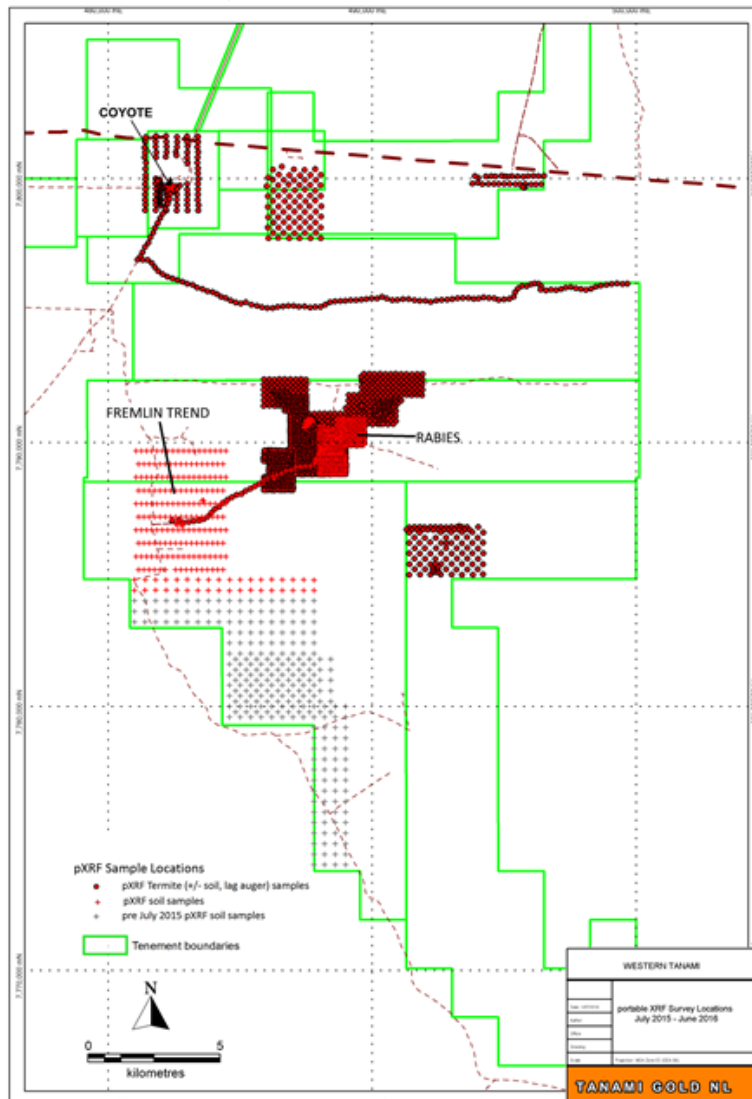
Activities during 2015 – 2016 have focused on regional exploration of the currently held 533sq km of Western Tanami tenements. Assessment of all previous exploration programs, methods and data, led to the identification of targets in areas of limited surface exploration and the requirement for geological mapping.

Previous studies at Coyote indicate that arsenic provides a broad exploration target for gold even though the relationship can be complicated by multiple partially overlapping geological events. The use of portable XRF arsenic readings was investigated as a low cost and rapid method to vector in on hydrothermal alteration.

Orientation surveys were completed over areas of known mineralisation where comparison with existing multi-element aqua-regia ICPMS results was possible. These included a 400m x 200m survey of soil samples over the Fremlin Trend and a 400m x 200m spaced termite mound survey covering a 2km radius of Coyote Mine Site, including partial coverage of a traverse that had been completed as part of a Ph.D. research project in 2009 (A.Petts; Termitaria as regolith landscape attributes and sampling media in northern Australia. University of Adelaide. 2009). Notwithstanding the presence of contamination and lack of coverage over the open pit and plant area, the survey clearly demonstrated that the use of portable XRF termite mound surveys would identify a concentrated arsenic zone over the Coyote ore body. Studies were also made using different soil, termite and lag size fractions. The use of auger samples in deeper cover areas is currently being trialled.

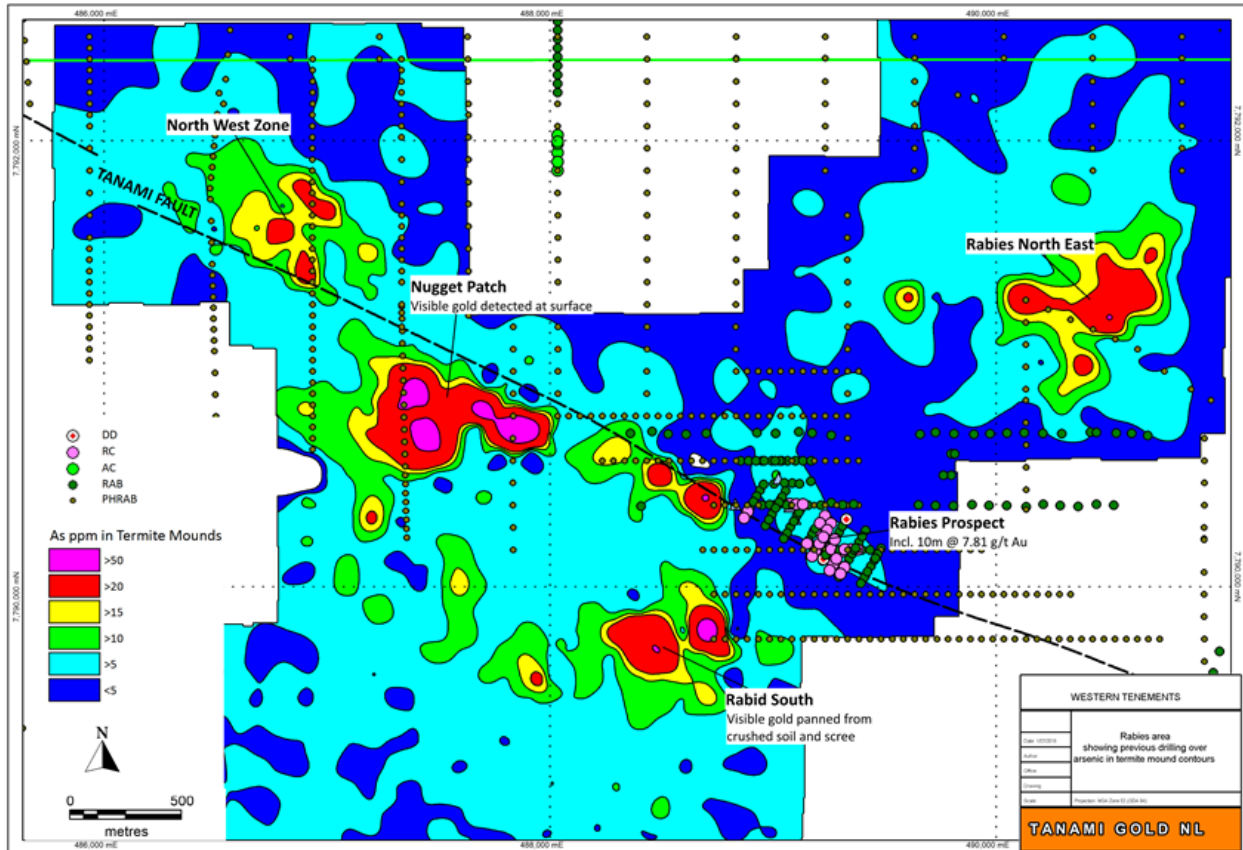
Portable XRF surveys have been combined with regional interpretation and mapping, either as broad spaced grids over specific regions, or as reconnaissance traverses. During the year, 857 soils, 230 lag, 1820 termite mounds, 121 auger and 239 rock chip samples have been taken (Figure 1). All readings were taken with the same instrument, a Niton xl3t gold+, and strictly controlled with the use of certified reference materials. No samples have been sent to a commercial laboratory for analysis and verification.

**Figure 1: Portable XRF sample locations**



Following a reconnaissance traverse across the sparsely explored region between Fremlin Trend and Rabies Mineralisation, anomalous arsenic values were detected south west of Rabies and immediately south of the Tanami Fault (Rabid South) which was subsequently expanded on a 100m X 100m grid. Discontinuous arsenic anomalism within termite mounds has now been defined for over 2km in a NW trend from Rabid south, and although no samples have been sent to a laboratory for analysis, visible gold has been detected at surface within the defined arsenic anomaly at an area now known as the Nugget Patch (Figure 2). Geological mapping indicates the area is underlain by multi-generational quartz veining; folding and faulting that could represent structural splays off the Tanami Fault. Aircore drilling is due to commence early in the second half of 2016.

**Figure 2: Rabid South Area showing arsenic contours**



**Central Tanami Exploration (75% Tanami)**

NST continues to advance activities at the CTP in the Northern Territory.

During the year, NST as Manager of the CTP JV completed the drilling of 118 holes with over 27,000 metres of Diamond Drilling and 11,000 metres of RC Drilling at the Groundrush Deposit. The following significant intercepts highlight the potential of the Groundrush Deposit:

NGRCD00002	0.3m @ 486.0 g/t Au
NGRCD00002	12.7m @ 3.8 g/t Au
NGRCD00008	1.8m @ 13.2 g/t Au
NGRCD00018	6.9m @ 8.6 g/t Au
NGRCD00023	2m @ 26.5 g/t Au
NGRCD00023	4.9m @ 11.2 g/t Au
NGRCD00037	12m @ 2.6 g/t Au
NGRCD00037	0.3m @ 99.7 g/t Au
NGRCD00040	0.4m @ 228.0 g/t Au
NGRCD00040	2.1m @ 10.9 g/t Au
NGRCD00045	2m @ 18.1 g/t Au
NGRCD00056	0.3m @ 267.0 g/t Au
NGRCD00056	5m @ 5.4 g/t Au
NGRCD00062	2.4m @ 36.0 g/t Au
NGRCD00067	0.3m @ 87.7 g/t Au
NGRCD00071	4.2m @ 13.8 g/t Au
NGRCD00077	1m @ 38.2 g/t Au
NGRCD00078	0.5m @ 78.7 g/t Au
NGRCD00080	0.3m @ 168.0 g/t Au

NGRCD00080	9.8m @ 4.2 g/t Au
NGRCD00084	0.9m @ 31.0 g/t Au
NGRCD00088	0.3m @ 68.6 g/t Au
NGRCD00098	1.6m @ 139.6 g/t Au
NGRCD00101	3.1m @ 12.9 g/t Au
NGRCD00112	1.6m @ 18.6 g/t Au
NGRCD00112	0.3m @ 78.5 g/t Au
NGRCD00114	19.5m @ 2.5 g/t Au
NGRCD00122	1.8m @ 17.8 g/t Au
NGRCD00123	1.4m @ 14.8 g/t Au
NGRCD00130	3.7m @ 6.0 g/t Au
NGRCD00131	11m @ 4.7 g/t Au
NGRCD00133	24.6m @ 5.7 g/t Au
NGRCD00134	7.7m @ 3.1 g/t Au

Development studies for the CTP are progressing.

### Financial Overview

The Consolidated Entity generated a total comprehensive profit for the financial year ended 30 June 2016 of \$14,559,000 (2015: Loss \$6,612,000).

Notable items during the financial year included:

- A profit of \$14.8 million on the (25%) sale of the CTP to NST before tax;
- Exploration expenditure of \$0.7 million (2015: \$2.3 million);
- A \$2.0 million receipt for the initial Term of the Lease for the Coyote gold plant and associated infrastructure from ABM;
- A \$12.0 million voluntary repayment of Loan Facility with Sun Hung Kai International Bank (Brunei) Limited as detailed below; and
- The sale of 3,290,228 shares in NST at an average price of \$3.08 per share receiving approximately \$10.08 million (net of transactions costs).

### A\$15.0 Million Loan Facility with Sun Hung Kai International Bank [Brunei] Limited Repaid

On 6 July 2015, the Company made an A\$1.0 million drawdown from its unsecured A\$15.0 Loan Facility ("Loan Facility") with Sun Hung Kai International Bank (Brunei) Limited ("SHKIBBL") leaving A\$3.0 million in undrawn funds remaining. The drawdown was used to provide the Company with additional working capital.

On 17 July 2015 and 12 August 2015, the Company made two voluntary prepayments totalling A\$12.0 million (plus accrued interest and facility fees to that date) to fully repay its Loan Facility with SHKIBBL. The Loan Facility expired on 30 September 2015.

### Loan Facility with AP Finance Limited Expired

The legally binding letter of support from AP Finance Limited to provide an unsecured Loan Facility of A\$12 million expired 31 March 2016 and was not renewed by the Company.

### Business Strategies and Prospects

As the Company holds a 75% interest in the CTP JV, the Board monitors and provides assistance to the JV Manager NST whilst it is earning its further interest (see CTP Exploration above).

At Western Tanami, the Company is carrying out exploration in accordance with the Mines Department expenditure commitment required to maintain its tenements. With regard to Coyote, the Board will examine other options following the termination of the Coyote Lease with ABM.

### Risks

During 2015, the Company advised there was a risk that ABM would not renew the Coyote Lease for a further term of 12 months and/or exercise an option to purchase Coyote. On 13 April 2016, the Company received formal notification confirming this, and on 14 July 2016 management and maintenance of Coyote was handed back to the Company.

As reported above, the Company has entered into the NST HoA. Whilst the Board believes, the CTP will be returned to commercial production, there are risks and uncertainties. These include, but are not limited to, the gold price and a risk that the CTP exploration programme being undertaken by NST does not produce a commercial outcome.

Other risks are set out in note 28 of the financial statements.

## **Community Relations**

The Company recognises the importance of developing relationships with the Traditional Owners that are based on trust and mutual advantage and of are respectful of 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, one meeting was held with the Central Land Council, representing the Traditional Owners. As a consequence of the NST JV, NST now communicates with the Central Land Council.

## **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 Company's 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 4 July 2016, the Company sold 250,000 shares in NST at an average price of \$5.53 per share receiving approximately \$1.37 million (net of costs).

On 14 July 2016, the Coyote Plant Agreement with ABM Resources NL Initial Lease Term expired and on that date, the management and maintenance of Coyote was handed back to the Company.

On 23 September 2016, the Company announced that it had reached agreement with Metals X Limited ("MLX") that ends the legal proceedings (the "Proceedings") between the parties. The terms of the settlement are that:

- (a) each party provides and receives a full discharge and release from any and all claims in respect of, or arising out of or in connection with the subject matter of the Proceedings,
- (b) each party will no longer pursue its claims against the other;
- (c) the Proceedings will be dismissed on a no admission of liability basis;
- (d) each party will bear its own legal costs; and
- (e) the Company will (jointly and severally with Tanami (NT) Pty Ltd) make payment to MLX of \$3,000,000.

In reaching this settlement with MLX, the Company has taken into account its legal advice together with the significant costs and inherent uncertainty of litigation, and the substantial time commitments and distraction that the litigation presents for the board and management. The settlement amount has been provided for as at 30 June 2016 (refer note 17) and expensed to the Statement of Consolidated Profit or Loss within corporate and other expenses.

## **10. Likely Developments**

Following on from the NST HoA, the Company expects that NST will continue with its drilling programme at the CTP and refurbishment of the processing facilities.

## 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	1,500,000	-
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

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

During the year, there were no options forfeited due to performance criteria not being achieved or cessation of employment.

### 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. Remuneration Report – audited (continued)

#### 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 2016.

#### 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.

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.

There were no LTI granted during the year.

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 leasing of Coyote and the Farm-Out and Joint Venture Agreement with NST at Central Tanami Project outlined previously. 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 five financial years:

	2016	2015	2014	2013	2012
Profit/(loss) attributable to owners of the Company	\$12,568,827	(\$6,611,780)	(\$19,627,687)	(\$68,032,870)	(\$27,162,014)
Dividends paid	-	-	-	-	-
Share price as at 30 June	\$0.049	\$0.028	\$0.016	\$0.054	\$0.730

#### 13.1.5 Service Contracts

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

##### *Mr Daniel Broughton – Chief Financial Officer*

Mr Broughton is employed on a contract basis as Chief Financial Officer. The arrangement can be terminated by either party without notice and without a termination payment. Mr Broughton has been Chief Financial Officer since 8 September 2014.

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 continued their significantly expanded roles in the day-to-day running of the Company. As a result, their contracted remuneration is increased above the base director fees.

**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	Other Long Term Benefits	Super-annuation Benefits		Calculated Value of Options (Non Cash)			
		\$	\$	\$	\$	\$	\$	%	%
<b>Directors</b>									
G McMahon (Non-Executive Chairman)	2016	100,000	-	9,500	-	-	109,500	-	-
	2015	100,000	-	9,500	-	-	109,500	-	-
A Dew (Non-Executive Director)	2016	25,000	-	2,375	-	-	27,375	-	-
	2015	25,000	-	2,375	-	-	27,375	-	-
C Procter (Non-Executive Director)	2016	29,275	-	2,781	-	-	32,056	-	-
	2015	40,000	-	3,800	-	-	43,800	-	-
B Montgomery (Non-Executive Director)	2016	120,000	-	-	-	-	120,000	-	-
	2015	120,000	-	-	-	-	120,000	-	-
<b>Total all specified Directors</b>	<b>2016</b>	<b>274,275</b>	<b>-</b>	<b>14,656</b>	<b>-</b>	<b>-</b>	<b>288,931</b>	<b>-</b>	<b>-</b>
	<b>2015</b>	<b>285,000</b>	<b>-</b>	<b>15,675</b>	<b>-</b>	<b>-</b>	<b>300,675</b>	<b>-</b>	<b>-</b>
<b>Executives</b>									
D Broughton (Chief Financial Officer)	2016	99,000	-	-	-	-	99,000	-	-
	2015	80,300	-	-	-	-	80,300	-	-
<b>Total all named Executives</b>	<b>2016</b>	<b>99,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>99,000</b>	<b>-</b>	<b>-</b>
	<b>2015</b>	<b>80,300</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>80,300</b>	<b>-</b>	<b>-</b>
<b>Total all specified Directors and Executives</b>	<b>2016</b>	<b>373,275</b>	<b>-</b>	<b>14,656</b>	<b>-</b>	<b>-</b>	<b>387,931</b>	<b>-</b>	<b>-</b>
	<b>2015</b>	<b>365,300</b>	<b>-</b>	<b>15,675</b>	<b>-</b>	<b>-</b>	<b>380,975</b>	<b>-</b>	<b>-</b>

### 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 2016 to key management personnel.

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

###### 2016

Ordinary Fully Paid Shares	Balance 1 July 2015	Granted as Remuneration	On Market Purchases/ (Sales)	Net change other	Balance 30 June 2016
<b>Directors</b>					
Mr G McMahon	-	-	1,500,000	-	1,500,000
Mr A Dew	-	-	-	-	-
Mr C Procter	-	-	-	-	-
Mr B Montgomery	20,000,000	-	-	-	20,000,000
<b>Key Management Personnel</b>					
Mr Daniel Broughton	-	-	-	-	-
<b>Total</b>	<b>20,000,000</b>	<b>-</b>	<b>1,500,000</b>	<b>-</b>	<b>21,500,000</b>

###### 2015

Ordinary Fully Paid Shares	Balance 1 July 2014	Granted as Remuneration	On Market Purchases/ (Sales)	Net change other	Balance 30 June 2015
<b>Directors</b>					
Mr G McMahon	-	-	-	-	-
Mr A Dew	-	-	-	-	-
Mr C Procter	-	-	-	-	-
Mr B Montgomery	20,000,000	-	-	-	20,000,000
<b>Key Management Personnel</b>					
Mr Daniel Broughton	-	-	-	-	-
<b>Total</b>	<b>20,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,000,000</b>

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

###### 2016

No options were issued during the year.

###### 2015

No options were issued during the year.



#### 14. Non-Audit Services

During the 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>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Audit services</b>		
<b>Auditors of the Company:</b>		
Audit and review of financial reports	40,000	40,000
<b>Other services (accounting advice)</b>	24,000	-

#### 15. Indemnification and Insurance of Officers

##### Indemnification

The Company has agreed to indemnify both the current directors of the Company and former directors against liability incurred to a third party (not being the Company or any related company) that may arise from their positions as directors 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 14 and forms part of the directors' report for the financial year ended 30 June 2016.

#### 17. Rounding off

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (unless otherwise stated) and where noted (\$'000) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors Report) Instrument 2016/191. The Company is an entity to which the instrument applies.

Dated at Perth, Western Australia this 23rd day of September 2016.

Signed in accordance with a resolution of the Directors.



Gerard McMahon  
**Non-Executive Chairman**  
Perth, Western Australia  
23 September 2016



***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 2016 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

*KPMG.*

KPMG

A handwritten signature in blue ink, appearing to read 'R Gambitta', with a horizontal line extending to the right.

R Gambitta  
*Partner*

Perth

23 September 2016

**TANAMI GOLD NL**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2016**


	Note	Consolidated	
		2016 \$'000	2015 \$'000
Revenue from operating activities	2	39	30
Other income	2	2,158	1,355
Profit on sale of assets	3	18,040	263
Care and maintenance costs (includes depreciation, amortisation and impairment)	4	(2,943)	(2,955)
Exploration and evaluation expenses	14	(704)	(2,296)
Corporate and other expenses		(4,724)	(1,587)
<b>Results from operating activities</b>		<b>11,866</b>	<b>(5,190)</b>
Financial income	6	162	57
Financial expenses	6	(312)	(1,479)
<b>Net finance expense</b>		<b>(150)</b>	<b>(1,422)</b>
<b>Profit/(loss) before income tax</b>		<b>11,716</b>	<b>(6,612)</b>
Income tax benefit	7	853	-
<b>Profit/(loss) from operations</b>		<b>12,569</b>	<b>(6,612)</b>
<b>Profit/(loss) for the year</b>		<b>12,569</b>	<b>(6,612)</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Net gain on financial assets classified as available for sale (net of tax)	12	1,990	-
<b>Other comprehensive gain for the year (net of income tax)</b>		<b>1,990</b>	<b>-</b>
<b>Total comprehensive profit/(loss) for the year attributable to owners of the Company</b>		<b>14,559</b>	<b>(6,612)</b>
<b>Earnings per share</b>			
Basic profit/(loss) per share	25	0.011	(0.006)
Diluted profit/(loss) per share	25	0.011	(0.006)

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 2016**

	Note	Consolidated	
		2016 \$'000	2015 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	9,180	196
Other receivables	10	314	378
Inventories	11	128	852
Available for sale financial assets	12	4,940	-
<b>Total current assets</b>		<b>14,562</b>	<b>1,426</b>
<b>Non-current assets</b>			
Other receivables	10	2,513	2,513
Property, plant and equipment	13	2,646	4,784
Acquired exploration and evaluation	14	15,539	20,719
<b>Total non-current assets</b>		<b>20,698</b>	<b>28,016</b>
<b>Total assets</b>		<b>35,260</b>	<b>29,442</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Interest-bearing liabilities	15	-	11,231
Trade and other payables	16	411	989
Provisions	17	3,018	47
Deferred revenue	2	83	-
<b>Total current liabilities</b>		<b>3,512</b>	<b>12,267</b>
<b>Non-current liabilities</b>			
Provisions	17	10,090	10,076
<b>Total non-current liabilities</b>		<b>10,090</b>	<b>10,076</b>
<b>Total liabilities</b>		<b>13,602</b>	<b>22,343</b>
<b>Net assets</b>		<b>21,658</b>	<b>7,099</b>
<b>Equity</b>			
Issued capital	18	317,637	317,637
Accumulated losses	19	(298,099)	(310,668)
Reserves		2,120	130
<b>Total equity attributable to equity holders of the Company</b>		<b>21,658</b>	<b>7,099</b>

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 2016**

	Issued Capital	Accumulated Losses	Share Based Payment Reserve	Available For Sale Fair Value Reserve	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Consolidated</b>					
Balance at 1 July 2014	317,637	(305,800)	1,873	-	13,710
<b>Total comprehensive income for the year</b>					
Loss for the year	-	(6,612)	-	-	(6,612)
Total comprehensive loss for the year	-	(6,612)	-	-	(6,612)
<b>Transactions with owners, recorded direct to equity</b>					
<i>Contributions by and distributions to owners</i>					
Share based payments transactions	-	1,743	(1,743)	-	-
Total contributions by and distributions to owners	-	1,743	(1,743)	-	-
Total transaction with owners	-	1,743	(1,743)	-	-
Balance at 30 June 2015	317,637	(310,668)	130	-	7,099
<b>Consolidated</b>					
Balance at 1 July 2015	317,637	(310,668)	130	-	7,099
<b>Total comprehensive income for the year</b>					
Profit for the year	-	12,569	-	-	12,569
Net change in fair value of available for sale financial assets	-	-	-	1,990	1,990
Total comprehensive profit for the year	-	12,569	-	1,990	14,559
<b>Transactions with owners, recorded direct to equity</b>					
Balance at 30 June 2016	317,637	(298,099)	130	1,990	21,658

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 2016**

		<b>Consolidated</b>	
		<b>For year ended 30 Jun 2016 \$'000</b>	<b>For year ended 30 Jun 2015 \$'000</b>
<b>Cash flows from operating activities</b>	Note		
Cash receipts from customers		39	30
Cash receipts from ABM lease and dividends		2,192	1,301
Cash payments in the course of operations		(2,445)	(3,758)
Cash payments for withholding tax		(43)	(59)
Interest received		164	63
Interest paid		(195)	(500)
Payments for exploration and evaluation		(848)	(2,296)
Proceeds from exploration security deposit refunds		-	201
<i>Net cash used by operating activities</i>	26(b)	<u>(1,136)</u>	<u>(5,018)</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		-	(45)
Proceeds from sale of property, plant and equipment		11,000	664
Proceeds from sale of financial assets		10,120	-
<i>Net cash from investing activities</i>		<u>21,120</u>	<u>619</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		1,000	4,000
Repayment of borrowings		(12,000)	-
Repayment of finance lease liabilities		-	(330)
<i>Net cash (used)/provided from financing activities</i>		<u>(11,000)</u>	<u>3,670</u>
<b>Net increase/(decrease) in cash and cash equivalents held</b>		8,984	(729)
<b>Cash and cash equivalents at beginning of the financial year</b>		196	925
<b>Cash and cash equivalents at the end of the financial year</b>	26(a)	<u>9,180</u>	<u>196</u>

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 2016 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 23 September 2016.

#### *Basis of Measurement*

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

#### *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(i). Significant judgement is required in determining the provision for mine rehabilitation and site restoration as there are many transactions and other factors that will affect the ultimate liability payable to rehabilitate and restore the mine sites and related assets. Factors that will affect this liability include future development, changes in technology, price increases and changes in interest rates. When these factors change or become known in the future, such differences will impact the site restoration provision and asset in the period in which they change or become known.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

#### (ii) Impairment

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

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

#### (iii) 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.

### (c) 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 29.

### (d) Basis of Consolidation

#### (i) Subsidiaries

The consolidated financial statements comprise the separate financial statements of Tanami Gold NL and its subsidiaries (including structured entities) as at 30 June each year (the "Group"). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls a subsidiary if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Statement of Comprehensive Income from the date the Group gains control until the date the Group ceases to control the subsidiary.



**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(d) Basis of Consolidation (continued)**

*(i) Subsidiaries (continued)*

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interest having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary;
- de-recognises the carrying amount of any non-controlling interests;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss of retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

**(e) 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 another category 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 are recognised in other comprehensive income and presented in the available for sale 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. The fair value of investments in quoted equity securities is determined by reference to their quoted closing bid price at the reporting date.

**(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 "Profit on Sale of Assets" 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:	2016	2015
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%

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.

Any 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**

Acquisition costs and acquired exploration and evaluation expenditure which are acquired are capitalised, until such times as an impairment is considered.

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.

## **1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **(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 (which comprise equity securities) are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

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

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

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

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

For investments that are actively traded in organised financial markets, fair value is determined by reference to 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) 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.

## **1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **(q) 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.

#### *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.

### **(r) Leases**

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

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

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

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. 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.

### **(s) Revenue**

#### *Goods sold*

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

**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(t) Income Tax**

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

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

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

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.

**(u) Goods and Services Tax**

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

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

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

**(v) Issued Capital**

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

**(w) Trade and Other Payables**

Trade and other payables are stated at their amortised cost.

**(x) 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.

## **1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **(y) 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.

### **(z) Financial Instruments**

#### *Derivative financial instruments*

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

#### *Non-trading derivatives*

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

### **(aa) New Accounting Standards and Interpretations**

In the year ended 30 June 2016, 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.

### **(ab) 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 2016. These are outlined in the table below are outlined below.

- (i) AASB 9 Financial Instruments (effective from 1 January 2018) AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities and introduces new rules for hedge accounting. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of AASB 9.
- (ii) AASB 15 Revenue from contracts with customers (effective from 1 January 2018) AASB 15 introduces a new framework for accounting for revenue and will replace AASB 118 Revenue, AASB 111 Construction Contracts and IFRIC 13 Customer Loyalty Programs. AASB 15 establishes principals for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The new standard is based on the principal that revenue is recognised when control of a good or service transfers to a customer, therefore the notion of control replaces the exiting notion of risks and rewards. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of AASB 15. The changes to the standard do not have a material impact on the Group.
- (iii) AASB 16 Leases (effective from 1 January 2019) One of the key changes to AASB 16 Leases is that lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. AASB 16 will result in lessees recognising most leases on the balance sheet. The Group has not yet determined the extent of the impact of this standard.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

**2. REVENUE & OTHER INCOME**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>From operating activities</b>		
Gold sales	39	30
	<u>39</u>	<u>30</u>
Other income	2,158	1,355
	<u>2,197</u>	<u>1,385</u>
<b>Other income</b>		
Dividends received	191	-
Lease payment from ABM*	1,967	-
Other receipts	-	1,355
	<u>2,158</u>	<u>1,355</u>

For the year ended 30 June 2016, the Company was a gold exploration company. Gold sales during the year were from the successful recovery of approximately 16.8 ounces of gold through continued clean-up of the Coyote processing plant.

\*On 6 July 2016, the Company announced that the conditions precedent to the Coyote Plant Agreement with ABM Resources NL ("ABM") had been met and consequently ABM had made a \$2.0 million payment for the Initial Term of the Lease ("Term") for the Coyote gold plant and associated infrastructure. The Term is for 12 months expiring 13 July 2016. The Company has recognised \$83,333 as current deferred revenue as at 30 June 2016 to be recognised in the following 2016/17 year.

**3. PROFIT ON SALE OF ASSETS**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit on sale of assets	18,040	263
	<u>18,040</u>	<u>263</u>
<b>Which includes:</b>		
Profit on sale of other assets	-	263
Profit on sale of NST shares (a)	3,218	-
Profit on sale of 25% interest in CTP (b)	14,822	-
	<u>18,040</u>	<u>263</u>

(a) During the year, the Company sold 3,290,228 NST shares at a weighted average price of \$3.08 per share. The shares were initially recognised at \$2.10 per share.

(b) On 3 August 2015, the Company announced that the conditions precedent to the NST Heads of Agreement ("NST HoA") for the Central Tanami Project ("CTP") had been satisfied and Completion had occurred resulting in the formation of an unincorporated joint venture between the Company (75%) and NST (25%). In accordance with the NST HoA, the Company received consideration of \$11.0 million in cash and 4,290,228 NST shares (valued at \$2.10 per share based on the VWAP prior to the date of the announcement of the NST HoA on 26 February 2015). A reconciliation of the transaction is as follows:

	<b>2016</b>
	<b>\$'000</b>
<b>Consideration received:</b>	
Cash consideration	11,000
4,290,228 NST shares at \$2.10 per share	9,000
Total consideration	<u>20,000</u>
<b>Assets and liability disposal (25%) of CTP:</b>	
Exploration and evaluation asset	20,719
Property, plant and equipment	(1,760)
Rehabilitation liability	(1,769)
Carrying value of CTP assets and liabilities	<u>20,710</u>
<b>Profit on sale of 25% interest in CTP</b>	<u>14,822</u>



**4. CARE AND MAINTENANCE EXPENSES**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Care and maintenance costs	2,943	2,955
which includes:		
Site administration	630	1,862
Depreciation - plant and equipment	1,699	1,947
Rehabilitation expense	286	(1,240)
Impairment - inventory	328	386
	2,943	2,955

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 (such as the NST transaction) 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 2016 (2015: nil).

**5. PERSONNEL EXPENSES**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Wages and salaries	443	1,097
Redundancy costs	59	124
Superannuation costs	42	114
Decrease in liability for annual leave	-	(23)
<b>Total personal expenses</b>	<b>544</b>	<b>1,312</b>

**6. FINANCE INCOME AND EXPENSE**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Finance income:</b>		
Interest income	162	57
Finance income	162	57
<b>Finance expense:</b>		
Interest - borrowings	(79)	(579)
Borrowing costs	(40)	(650)
Unwind of discount on site restoration provision	(193)	(250)
Finance expense	(312)	(1,479)
<b>Net finance expense</b>	<b>(150)</b>	<b>(1,422)</b>

**7. TAXATION**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Major components of income tax expense are as follows:		
<b>Income statement</b>		
<i>Current income tax expense/(benefit)</i>		
<i>Deferred income tax expense</i>		
Relating to origination and reversal of temporary differences	3,425	(2,045)
Deferred tax assets not recognised	-	2,045
Deferred tax assets not previously recognised	(4,278)	-
Income tax expense not reported in income statement	<u>(853)</u>	<u>-</u>
<b>The components of recognised deferred tax balance are as follows:</b>		
<b>CONSOLIDATED</b>		
<i>Deferred tax liabilities</i>		
Consumables	39	372
Investments	853	-
Deferred tax asset offset against deferred tax liability	(892)	(372)
Gross deferred income tax liabilities	<u>-</u>	<u>-</u>
<i>Deferred tax assets</i>		
Provisions	877	312
Accruals	14	60
Deferred tax asset offset against deferred tax liability	(891)	(372)
Gross deferred income tax assets	<u>-</u>	<u>-</u>
<b>Reconciliation to income tax benefit on account loss</b>		
Profit/(loss)s before income tax	11,716	(6,612)
Prima facie tax payable at the statutory income tax rate	3,477	(1,984)
Non-deductible expenses		
Non-taxable franked dividend	(52)	-
Prior period adjustment	-	(61)
Deferred tax assets not recognised	(4,278)	2,045
Income tax (benefit)/expense	<u>(853)</u>	<u>-</u>
<b>Deferred tax asset (30%) not recognised arising on:</b>		
Tax losses	64,969	64,370
Temporary differences	25,948	30,825
	<u>90,917</u>	<u>95,195</u>

**8. AUDITOR'S REMUNERATION**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</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	40,000
	<u>40,000</u>	<u>40,000</u>
<b>Other services</b>		
Accounting advice	24,000	-
	<u>24,000</u>	<u>-</u>

**9. CASH AND CASH EQUIVALENTS**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at bank and on hand	9,180	196
	<u>9,180</u>	<u>196</u>

The Consolidated Entity's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 28.

**10. OTHER RECEIVABLES**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
GST receivable	21	44
Prepayments	-	61
Other debtors	292	273
Interest receivable	1	-
	<u>314</u>	<u>378</u>
<b>Non-current</b>		
Other debtors (a)	2,513	2,513
	<u>2,513</u>	<u>2,513</u>

(a) Non-current other debtors represent term deposits placed in support of environmental performance bonds lodged with Newmont Australia Limited \$850,000 (2015: \$850,000) and the Department of Resources (NT) \$1,663,000 (2015: \$1,663,000).

**11. INVENTORIES**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Raw material and stores (net of impairment)	128	852
	<u>128</u>	<u>852</u>

In line with accounting policy note 1(l), the Company has stated inventory at the lower of cost or net realisable value. An impairment loss of \$308,000 (2015: \$386,000) has been recognised against its Coyote stores inventory at 30 June 2016. The impairment loss was triggered by ABM's decision not to renew the Coyote Lease and or exercise an option to purchase Coyote.

**12. AVAILABLE FOR SALE FINANCIAL ASSETS**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Available for sale financial assets:</b>		
Quoted equity shares	4,940	-
	<u>4,940</u>	<u>-</u>

At 30 June 2016, the Company has a remaining investment of 1,000,000 listed equity shares in NST. Subsequent to initial recognition, these shares are measured at fair value being the published price quotation in an active market. Changes therein are recognised in Other Comprehensive Income (unless it represents impairment) and presented as an unrealised gain/(loss) reserve in equity. The fair value movement in the asset during the period was a gain of \$1,990,000 (less the recognition of a DTL) which has been recognised as the net change in the fair value of Available for Sale Financial Assets in Other Comprehensive Income. As a result of the Company's carry forward tax losses, a corresponding \$853,000 DTA has been recognised with the associated tax benefit reflected in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Refer to note 27 Events Subsequent to Balance Date for changes post reporting date.

**13. PROPERTY, PLANT AND EQUIPMENT**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Buildings at cost	7,321	7,373
Less: accumulated depreciation	(80)	(64)
Less: accumulated impairment	(6,429)	(6,429)
	<u>812</u>	<u>880</u>
Plant and equipment at cost	44,673	45,689
Less: accumulated depreciation	(13,688)	(12,701)
Less: accumulated impairment	(29,248)	(29,248)
	<u>1,737</u>	<u>3,740</u>
Motor vehicles at cost	1,301	1,352
Less: accumulated depreciation	(1,057)	(1,051)
Less: accumulated impairment	(214)	(214)
	<u>30</u>	<u>87</u>
Furniture and fittings at cost	1,070	1,103
Less: accumulated depreciation	(936)	(959)
Less: accumulated impairment	(124)	(124)
	<u>10</u>	<u>20</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	5,627	5,627
Less: accumulated amortisation	(5,627)	(5,627)
	<u>-</u>	<u>-</u>
Capital works in progress	<u>57</u>	<u>57</u>
Total property, plant and equipment	<u>2,646</u>	<u>4,784</u>

**Reconciliation**

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

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

	Consolidated	
	2016 \$'000	2015 \$'000
<b>Buildings</b>		
Carrying amount at beginning of financial year	880	903
Transfers/depreciation	(22)	(23)
Disposals	(53)	-
Accumulated depreciation on disposals	7	-
Carrying amount at end of financial year	<u>812</u>	<u>880</u>
<b>Plant and equipment</b>		
Carrying amount at beginning of financial year	3,740	5,957
Transfers/additions	-	45
Disposals	(1,016)	(2,928)
Accumulated depreciation on disposals	637	2,529
Depreciation	(1,624)	(1,862)
Carrying amount at end of financial year	<u>1,737</u>	<u>3,741</u>
<b>Motor vehicles</b>		
Carrying amount at beginning of financial year	87	141
Disposals	(51)	(240)
Accumulated depreciation on disposals	39	240
Depreciation	(45)	(54)
Carrying amount at end of financial year	<u>30</u>	<u>87</u>
<b>Furniture and fittings</b>		
Carrying amount at beginning of financial year	20	28
Disposals	(33)	-
Accumulated depreciation on disposals	30	-
Depreciation	(7)	(8)
Carrying amount at end of financial year	<u>10</u>	<u>20</u>
<b>Capital works in progress</b>		
Carrying amount at beginning of financial year	57	57
Additions	-	45
Transfers to other asset classes	-	(45)
Carrying amount at end of financial year	<u>57</u>	<u>57</u>
<b>Total property plant and equipment</b>		
Carrying amount at beginning of financial year	4,784	7,086
Additions	-	45
Disposals*	(1,153)	(3,168)
Accumulated depreciation on disposals*	713	2,768
Depreciation	(1,698)	(1,947)
Depreciation capitalised in exploration and evaluation asset	-	-
Carrying amount at end of financial year	<u>2,646</u>	<u>4,784</u>

\*On 3 August 2015, the Company announced that the conditions precedent to the NST HoA for the CTP had been satisfied and Completion had occurred. In accordance with the NST HoA, NST acquired a 25% interest in the CTP (refer to note 3).

**14. EXPLORATION AND EVALUATION EXPENDITURE**

	Consolidated	
	2016	2015
	\$'000	\$'000
Acquired exploration and evaluation costs carried forward	15,539	20,719
<b>Reconciliation of movement during the period</b>		
Carrying amount at beginning of the period	20,719	20,719
Current period expenditure	704	2,996
Exploration expensed during the period	(704)	(2,996)
Carrying value representing (25%) CTP sold to NST	(5,180)	-
	<u>15,539</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.

**15. INTEREST BEARING LIABILITIES**

	Consolidated	
	2016	2015
	\$'000	\$'000
<b>Non-Current</b>		
Sun Hung Kai International Bank [Brunei] Limited Loan	-	11,231
	<u>-</u>	<u>11,231</u>

On 12 August 2015, the Company announced that it had made a final voluntary prepayment of A\$11.0 million (plus accrued interest and facility fees of \$50,959 to that date) to fully repay the Sun Hung Kai International Bank [Brunei] Limited Loan Facility. The Loan Facility expired on 30 September 2015.

**16. TRADE AND OTHER PAYABLES**

	Consolidated	
	2016	2015
	\$'000	\$'000
<b>Current</b>		
Trade creditors	308	650
Other creditors and accruals	103	339
	<u>411</u>	<u>989</u>

The Consolidated Entity's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 28.

**17. PROVISIONS**

<b>Current</b>		
Employee entitlements	18	47
Other provisions (a)	3,000	-
	<u>3,018</u>	<u>47</u>
<b>Non-current</b>		
Employee entitlements	-	22
Site and mine restoration	10,090	10,054
	<u>10,090</u>	<u>10,076</u>
<b>Reconciliation of site and mine restoration</b>		
Opening Balance at 1 July	10,054	11,044
Increase/(reduction) in provision made during year	285	(1,240)
Unwind of discount	193	250
Carrying value of mine restoration (25%) sold to NST (b)	(442)	-
Balance at 30 June	<u>10,090</u>	<u>10,054</u>

(a) Refer to note 27 and (b) Refer to note 3.

**17. PROVISIONS (CONTINUED)**

**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(i) 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	
	2016 \$'000	2015 \$'000
<b>Share capital</b>		
1,175,097,046 (2014: 1,175,097,046) ordinary shares, fully paid	317,637	317,637
	<u>317,637</u>	<u>317,637</u>
<b>Movements in issued capital</b>		
Balance at 1 July	317,637	317,637
Balance at 30 June	<u>317,637</u>	<u>317,637</u>

**19. ACCUMULATED LOSSES**

Balance at 1 July	(310,668)	(305,800)
Net profit/(loss) for the year	12,569	(6,612)
Transfer of share option reserve	-	1,744
Balance at 30 June	<u>(298,099)</u>	<u>(310,668)</u>

**20. 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, joint venturing and/or relinquishment of tenements.

**Exploration Expenditure Commitments**

	Consolidated	
	2016 \$'000	2015 \$'000
Within one year	<u>824</u>	<u>713</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 3 years commencing 12 December 2015. Lease payments are adjusted annually to reflect market rentals. During the year ended 30 June 2016 \$61,012 (2015: \$40,929) was recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income in respect to the operating lease.

	Consolidated	
	2016 \$'000	2015 \$'000
Within one year	20	41
Between two and five years	79	166
	<u>99</u>	<u>206</u>

**21. SHARE BASED PAYMENTS**

**Options**

During the year no options were issued, exercised, forfeited or lapsed unexercised.

At 30 June 2016, there were 300,000 unissued ordinary shares, in respect of unquoted options, remaining:

Grant Date	Expiry Date	Type	Exercise Price	2016 Number	2015 Number
22 December 2011	21 December 2016	Unquoted	\$1.34	300,000	300,000
				300,000	300,000

On 22 December 2011, 300,000 options were granted to Mr Alan Senior, a former Director of the Company.

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

Number of options at 30 June 2015

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

**22. 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)

*(ii) Specified Executives*

Daniel Broughton (Chief Financial Officer)	(appointed 8 September 2014)
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The key management personnel compensation included in 'Personnel Expenses' (see note 5) is as follows:

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<i>In AUD</i>		
Short-term employee benefits	373,275	365,300
Post-employment benefits	14,656	15,675
<b>Total</b>	<b>387,931</b>	<b>380,975</b>

*(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.



**23. 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 2016, the Company continued to use its unsecured \$15.0 million Loan Facility with Sun Hung Kai International Bank (Brunei) Limited ('SHKIBBL') to assist with funding its working capital needs. On 12 August 2015, the Company had fully repaid the Loan Facility by making two voluntary repayments totalling \$12.0 million. During the year the Company paid \$197,260 interest and \$199,972 by way of facility fees to SHKIBBL.

The ultimate holding company of SHKIBBL is Allied Group Limited ("AGL") (also the holding company of the Company's largest indirect shareholder Allied Properties (H.K.) Ltd ("APL")). Mr Arthur Dew, a Director of the Company, is also Non-Executive Director and Chairman of AGL and APL.

**24. SEGMENT INFORMATION**

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

**Information about reportable segments**

	Gold Production		Exploration		Total	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenues	39	30	-	-	39	30
Depreciation and amortisation	-	-	(2,138)	(707)	(2,138)	(707)
Impairment	-	-	(328)	(386)	(328)	(386)
Reportable segment loss before income tax (excluding profit on sale of CTP 25% and other income)	39	30	(3,776)	(5,455)	(3,737)	(5,425)
Reportable segment profit on sale of CTP 25%	-	-	14,822	263	14,822	263
Reportable segment other income	-	-	2,158	1,355	2,158	1,355
Reportable segment assets	-	-	21,013	29,245	21,013	29,245
Reportable segment liabilities	-	-	10,564	22,280	10,564	22,280
Capital Expenditure	-	-	-	(45)	-	(45)

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

	Consolidated	
	2016 \$'000	2015 \$'000
<b>Revenue and other income</b>		
Total revenue and other income for reportable segments	39	30
Consolidated revenue and other income	39	30
<b>Profit or loss</b>		
Total loss for reportable segments	(3,737)	(5,425)
Profit on sale of CTP 25%	14,822	263
Profit on sale of other assets/NST shares	3,218	-
Other income	2,158	1,355
Unallocated amounts: other corporate expenses	(4,745)	(2,805)
Consolidated profit/(loss) before income tax	11,716	(6,612)
<b>Assets</b>		
Total assets for reportable segments	21,013	29,245
Other unallocated amounts	14,247	197
Consolidated total assets	35,260	29,443
<b>Liabilities</b>		
Total liabilities for reportable segments	10,564	22,280
Other unallocated amounts	3,038	63
Consolidated total liabilities	13,602	22,343

**Major customer**

During the year ended 30 June 2016, the Company sold gold on-market through third parties and is not able to identify the end customer.

**25. EARNINGS PER SHARE**

	Number of shares	
	2016	2015
Weighted average number of ordinary shares used as the denominator in the calculation of basic earnings per share	1,175,097,046	1,175,097,046

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

The calculation of basic earnings per share at 30 June 2016 was based on the profit attributable to ordinary shareholders of \$12,568,827 (2015: Loss \$6,611,780) and a weighted average number of ordinary shares outstanding of 1,175,097,046 (2015: 1,175,097,046), calculated as follows.

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

Diluted earnings per share for 2016 equals' basic earnings per share as the options on issue are considered anti-dilutive.

**26. 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:

	Consolidated	
	For the year ended 30 Jun 2016 \$'000	For the year ended 30 Jun 2015 \$'000
Cash assets	9,180	196

**b) Reconciliation of net cash flow from operating activities to net loss**

<b>Net profit/(loss)</b>	12,569	(6,612)
Add/(less) non-cash items		
Provision for rehabilitation	286	(1,240)
Income tax benefit	(853)	-
Inventory impairment	328	386
Depreciation	1,699	1,949
Unwinding of interest rate on provision for rehabilitation	193	250
Deferred revenue	83	-
Add/(less) items classified as investing/financing activities		
Gain on disposal of 25% CTP	(14,822)	(370)
Gain on sale of Available for Sale Financial Assets	(3,218)	-
SHK loan accrued interest and facility fee payment	(231)	-
<b>Net cash used by operating activities before changes in assets and liabilities</b>	<b>(3,966)</b>	<b>(5,637)</b>

Changes in assets and liabilities during the financial year:

Decrease/(Increase) in receivables	5	(40)
Decrease in inventories	396	350
Decrease in prepayments	61	93
Increase/(decrease) in provisions	2,950	(128)
Decrease/increase in payables	(582)	344
<b>Net cash used by operating activities</b>	<b>(1,136)</b>	<b>(5,018)</b>

## 27. EVENTS SUBSEQUENT TO BALANCE DATE

On 4 July 2016, the Company sold 250,000 shares in NST at an average price of \$5.53 per share receiving approximately \$1.37 million (net of costs).

On 14 July 2016, the Coyote Plant Agreement with ABM Resources NL Initial Lease Term expired and on that date, the management and maintenance of Coyote was handed back to the Company. The Company intends to continue with care and maintenance activities for the foreseeable future.

On 23 September 2016, the Company announced that it had reached agreement with Metals X Limited ("MLX") that ends the legal proceedings (the "Proceedings") between the parties. The terms of the settlement are that:

- (a) each party provides and receives a full discharge and release from any and all claims in respect of, or arising out of or in connection with the subject matter of the Proceedings,
- (b) each party will no longer pursue its claims against the other;
- (c) the Proceedings will be dismissed on a no admission of liability basis;
- (d) each party will bear its own legal costs; and
- (e) the Company will (jointly and severally with Tanami (NT) Pty Ltd) make payment to MLX of \$3,000,000.

In reaching this settlement with MLX, the Company has taken into account its legal advice together with the significant costs and inherent uncertainty of litigation, and the substantial time commitments and distraction that the litigation presents for the board and management. The settlement amount has been provided for as at 30 June 2016 (refer note 17) and expensed to the Statement of Consolidated Profit or Loss within corporate and other expenses.

## 28. 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.

### (a) 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 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

Other receivables includes term deposits placed in support of environmental performance bonds lodged with Newmont Australia Limited and the Department of Resources (NT). Management does not consider either of these amounts to be subject to credit risk.

### 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	2016 \$'000	2015 \$'000
Cash and cash equivalents	9	9,180	196
Other receivables	10	2,827	2,891

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 \$2,828,000 in other receivables, \$2,513,000 relates to environmental performance bonds lodged with the Northern Territory Department Resources – Mineral and Energy and Newmont Australia Limited, \$21,000 relates to GST receivables and diesel fuel rebates; and
- Of the remaining \$293,000 of the Consolidated Entity's other receivables, \$150,000 relates to recharges to contractors engaged at the Coyote Gold Project and the Central Tanami Gold Project and \$141,000 relates to normal Trade Debtors.

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

**(b) 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 2016**

	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
Cash and cash equivalents	9,180	9,180	9,180				
Available for sale financial assets	4,940	4,940	-	4,940			
Trade and other payables	(411)	(411)	(411)	-	-	-	-
Net inflow/(outflow)	13,709	13,709	8,769	4,940	-	-	-

**Consolidated 30 June 2015**

	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
Cash and cash equivalents	196	196	196				
Loans	(11,335)	(11,335)	(11,335)	-	-	-	-
Trade and other payables	(989)	(989)	(989)	-	-	-	-
Net inflow/(outflow)	(12,128)	(12,128)	(12,128)	-	-	-	-

**(c) 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.

**(d) Currency Risk**

The Consolidated Entity has no foreign denominated debt or cash.

**(e) 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.

	Consolidated 2016 \$'000	Carrying Amount 2015 \$'000
<b>Fixed rate instruments</b>		
Finance lease liability	-	-
Loans	-	11,231
	-	<b>11,231</b>
<b>Variable rate instruments</b>		
Cash and cash equivalents	9,180	196
Other receivables*	2,513	2,513
	<b>11,693</b>	<b>2,709</b>

\* Other receivables which are variable rate instruments includes Newmont Australia Limited \$850,000 (2015: \$850,000), and the NT Department of Resources \$1,663,371 (2015: \$1,663,371). 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.

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

**Cash flow sensitivity analysis for variable rate instruments**

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2016.

30 June 2016	Profit or Loss		Equity	
	100bp increase	100bp decrease	100bp increase	100bp decrease
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Interest income on cash balance	92	(92)	92	(92)
Interest income on other receivables (term deposits)	25	(25)	25	(25)
Cash flow sensitivity (net)	117	(117)	117	(117)

30 June 2015	Profit or loss		Equity	
	100bp increase	100bp decrease	100bp increase	100bp decrease
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Interest income on cash balance	2	(2)	2	(2)
Interest income on other receivables (term deposits)	25	(25)	25	(25)
Cash flow sensitivity (net)	27	(27)	27	(27)

**(f) Fair Value**

**Fair value versus carrying amounts**

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

Consolidated	30 June 2016		30 June 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Cash and cash equivalents	9,180	9,180	196	196
Available for sale financial assets	4,940	4,940	-	-
Other receivables	2,828	2,828	2,891	2,891
Trade and other payables	411	411	989	989
Loans	-	-	11,231	11,231

**(g) 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 market prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted market 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).

30 June 2016	Level 1	Level 2	Level 3	Total
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Available for sale financial assets	4,940	-	-	4,940

The Company did not carry any financial instruments at 30 June 2015

**(h) Commodity Price Risk**

The Consolidated Entity is a gold exploration company which has an indirect exposure to the gold price.

**(i) Equity Risk**

The Consolidated Entity is exposed to equity price risk, which arises from the remaining 1,000,000 NST shares at 30 June 2016.

These shares are listed on the ASX and classified as Available for Sale Financial Assets with which are initially recognised 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 are recognised in other comprehensive income and presented in the Available for Sale Fair Value Reserve in equity. When an investment is derecognised, the cumulative gain or loss in equity is reclassified to the Consolidated Statement of Profit or Loss. A 10% movement in the 30 June 2016 share price would result in a +/- \$494,000 movement in the value of the Available for Sale Financial Assets.

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

**(j) 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 for 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>2016 \$'000</b>	<b>2015 \$'000</b>
Total liabilities	10,602	22,343
Less: Cash and cash equivalents	(9,180)	(196)
	<u>1,422</u>	<u>22,147</u>
Total equity	24,658	7,486
Adjusted capital	<u>24,658</u>	<u>7,486</u>
Debt-to-adjusted capital ratio at 30 June	0.06	2.96

**29. PARENT ENTITY DISCLOSURES**

As at, and throughout, the financial year ended 30 June 2016 the parent company of the Consolidated Entity was Tanami Gold NL.

	<b>2016 \$'000</b>	<b>2015 \$'000</b>
<b>Result of the parent entity</b>		
Profit/(loss) for the year	(99)	462
Total comprehensive loss for the year	<u>(99)</u>	<u>462</u>
<b>Financial position of the parent entity at year end</b>		
Current assets	9,117	114
Total assets	<u>7,001</u>	<u>10,006</u>
Current liabilities	-	(11,293)
Total liabilities	<u>-</u>	<u>(11,293)</u>
<b>Total equity of the parent entity comprising of:</b>		
Issued capital	317,637	317,637
Accumulated losses	(310,766)	(319,054)
Share based payment reserve	130	130
<b>Total equity</b>	<u>7,001</u>	<u>(1,287)</u>

 **TANAMI GOLD NL**  
**DIRECTORS' DECLARATION**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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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 2016 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) 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 2016.

On behalf of the board



Gerard McMahon  
**Non-Executive Chairman**  
Perth, Western Australia  
23 September 2016



## **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 company), which comprises the consolidated statement of financial position as at 30 June 2016, 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 29 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 2016 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 2016. 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 2016, complies with Section 300A of the *Corporations Act 2001*.

*KPMG.*

KPMG

R Gambitta  
*Partner*

Perth

23 September 2016

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

This statement sets out the main corporate governance practices in place throughout the financial year in accordance with 3rd edition of the ASX Principles of Good Corporate Governance and Best Practice Recommendations.

This Statement was approved by the Board of Directors and is current as at 26 October 2015.

#### **PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**

**ASX Recommendation 1.1: A listed entity should establish the functions reserved to the Board and those delegated to Senior Executives and disclose those functions.**

The Company has adopted this recommendation.

The Board has established a formal charter that details the respective Board and management functions and responsibilities. A copy of this Board charter is available in the Corporate Governance section of the Company's website at [www.tanami.com.au](http://www.tanami.com.au).

**ASX Recommendation 1.2: A listed entity should undertake appropriate checks before appointing a person or putting forward to security holders a candidate for election as a Director and provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a Director.**

The Company has adopted this recommendation.

Information in relation to Directors seeking reappointment is set out in the Directors Report and Notice of Annual General Meeting.

The Company did not elect any new Directors during the year.

**ASX Recommendation 1.3: A listed entity should have a written agreement with each Director and Senior Executives setting out the terms of their appointment.**

The Company has adopted this recommendation.

The Company is in the process of renewing its written agreements with each Director and Senior Executives.

**ASX Recommendation 1.4: The Company Secretary of a listed company should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.**

The Company has adopted this recommendation.

The Board Charter provides for the Company Secretary to be accountable directly to the Board through the Chair.

**ASX Recommendation 1.5: A listed entity should:**

- Have a diversity policy which includes the requirement for the Board to set measurable objectives for achieving gender diversity and assess annually the objectives and the entity's progress to achieving them;
- Disclose the policy or a summary of it;
- Disclose the measurable objectives and progress towards achieving them; and
- Disclose the respective proportions of men and women on the Board and at each level of management and the company as a whole.

The Board considers that, due to the small size and nature of the Company, setting measurable objectives for a Diversity Policy at this time is not practical. The Board is conscious of the benefits diversity can bring, and will consider setting measurable objectives as the Company increases in size and complexity.

The Company currently has a very small number of employees with 20% of them being women. It currently has no women on the Board.

**ASX Recommendation 1.6: A listed entity should disclose the process for evaluating the performance of the Board, its committees and individual Directors.**

The Company has adopted this recommendation.

The Company's Board Charter outlines the process for evaluating the performance of the Board and its Committees. This provides that the Board shall review and discuss the performance of the Board as a whole, its Committees and individual Directors. If it is apparent that there are problems which cannot be satisfactorily considered by the Board itself, the Board may decide to engage an independent adviser to undertake this review.

The Company's Nomination and Remuneration Committee is also required to review the performance of the Board, its Committees and individual Directors.

Given the Company's small size, and simple structure, it was not considered practical to undertake a performance review during the reporting period.

**ASX Recommendation 1.7: A listed entity should have and disclose a process for periodically evaluating the performance of its Senior Executives and disclose in relation to each reporting period where a performance evaluation was undertaken in accordance with a process.**

The Company has adopted this recommendation.

The Company has in place procedures for evaluating the performance of its Senior Executives overseen by the Nomination and Remuneration Committee. This evaluation is based on specific criteria, including the business performance of the Company and its subsidiaries, whether strategic objectives are being achieved and the development of management and personnel.

Given the Company's small size, the Company's Senior Executives are under the immediate oversight of the Directors, who are in a position to evaluate their performance.

## **PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE**

**ASX Recommendation 2.1: The Board of a listed entity should establish a Nomination Committee:**

- With at least three members the majority of which are independent Directors;
- Chaired by an independent Director; and
- Disclose the Charter of the Committee, the members of the Committee and the number of times the Committee met throughout the period and member attendance at those meetings.

The Company has adopted this recommendation.

The Board has established a Nomination and Remuneration Committee.

A copy of the Committee's Charter is available in the Corporate Governance section of the Company's website at [www.tanami.com.au](http://www.tanami.com.au).

Details of the number of meetings of the Committee, and attendance at those meetings, are set out in the Directors Report.

**ASX Recommendation 2.2: A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.**

The Board is conscious of the benefits of having a diversity of skills. On a collective basis the Board has the following skills:

- **Strategic expertise:** Ability to identify and critically assess strategic opportunities and threats and develop strategies.
- **Specific Industry knowledge:** Experience in the resources sector including exploration, mineral resource project development and mining.
- **Accounting and finance:** The ability to read and comprehend the Company's financial accounts, financial material presented to the Board, financial reporting requirements and an understanding of corporate finance.
- **Legal:** Overseeing compliance with numerous laws, ensuring appropriate legal and regulatory compliance frameworks and systems are in place and understanding an individual Director's legal duties and responsibilities.
- **Risk management:** Identify and monitor risks to which the Company is, or has the potential to be exposed to.
- **Experience with financial markets:** Experience in working in or raising funds from the equity or capital markets.
- **Investor relations:** Experience in identifying and establishing relationships with shareholders, potential investors, institutions and equity analysts.
- **Economics:** Experience in macro-economic and financial market, analysis and forecasting.
- **Corporate Governance:** Establishing and applying an appropriate Corporate Governance framework.

**ASX Recommendation 2.3: A listed entity should disclose the names of the Directors considered by the Board to be independent Directors and provide details in relation to the length of service of each Director.**

The Company has adopted this recommendation.

The Board currently consists of three independent Directors, namely Mr. Gerard McMahon, Mr. Brett Montgomery, and Mr. Carlisle Procter.

Mr. McMahon and Mr. Montgomery are shareholders of the Company.

Messrs, McMahon, Montgomery and Procter are members of the Audit Committee and the Remuneration and Nomination Committee.

Mr. Procter has been a Director since December 2011, Mr. Montgomery was appointed in February 2013 and Mr. McMahon was appointed in April 2013.

**ASX Recommendation 2.4: The majority of the Board of a listed entity should be independent Directors.**

The Company has adopted this recommendation.

Three of the Company's four Directors are Independent.

Directors having a conflict of interest in relation to a particular Item of business must absent themselves from the Board meeting before commencement of discussion on the topic.

**ASX Recommendation 2.5: The Chair of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.**

The Company adopted this recommendation.

The Chairperson, Mr. McMahon is an independent Director. The Directors believe that Mr. McMahon is able to, and does, exercise quality independent judgement in the best interests of the Company.

The Company does not currently have a Managing Director.

**ASX Recommendation 2.6: A listed entity should have a program for inducting new Directors and provide appropriate professional development opportunities.**

The Company has adopted this recommendation.

The Nomination and Remuneration Committee has responsibility for the approval and review of induction procedures for new appointees to the Board. The Company Secretary facilitates the application of these procedures.

The Nomination and Remuneration Committee is also responsible for overseeing the provision of adequate professional development opportunities for Directors and management.

There were no new Directors appointed during the reporting period.

**PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY**

**ASX Recommendation 3.1: A listed entity should establish a code of conduct and disclose the code or a summary of the code.**

The Company has adopted this recommendation.

The Company has established a code of conduct that sets out the principles covering appropriate conduct in a variety of contexts and outlines the minimum standard of behaviour expected from Directors and employees.

A copy of the Company's code of conduct is available in the Corporate Governance section of the Company's website at [www.tanami.com.au](http://www.tanami.com.au).

**PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING**

**ASX Recommendation 4.1: The Board of a listed entity should establish an audit committee:**

- With at least three members, all of whom are Non-Executive Directors and a majority of which are independent Directors;
- Chaired by an independent Director; and
- Disclose the Charter of the Committee, the members of the Committee and the number of times the Committee met throughout the period and member attendance at those meetings.

The Company has adopted this recommendation.

The Board has established an Audit and Risk Committee and adopted a charter that sets out the committee's role and responsibilities, composition, and membership requirements. Currently the three Independent Directors, Mr. Procter (Chair), Mr. McMahon and Mr. Montgomery serve on the Audit and Risk Committee.

The role of the Audit and Risk Committee is to assist the Board in monitoring and reviewing any matters of significance affecting financial reporting, risk management and compliance.

The qualifications of the members of the Audit and Risk Committee are set out in the Directors report.

A copy of the charter of the Audit and Risk Committee is available in the Corporate Governance section of the Company's website at [www.tanami.com.au](http://www.tanami.com.au).

Details of the number of meetings of the Committee, and attendance at those meetings are set out in the Directors Report.

**ASX Recommendation 4.2: The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.**

The Company has adopted this recommendation.

The Board has received the assurance from the CFO and one of the independent Non-Executive Directors (acting as a member of the Committee of Directors currently overseeing the Company's operations - the Company does not presently have a CEO) in respect of the financial statements for the half year ended 31 December 2015 and the full year ended 30 June 2016. Given the size and nature of the Company's operations the Board has not received a similar assurance in respect of the quarterly cash flow statements, believing that the provision of the assurance for the half and full year financial statements is sufficient.

**ASX Recommendation 4.3: A listed entity should ensure that the external auditor attends its Annual General Meeting and is available to answer questions from security holders relevant to the audit.**

The Company has adopted this recommendation.

The external auditor attends the Annual General Meeting and is available to answer questions from shareholders relevant to the audit and financial statements. The external auditor will also be allowed a reasonable opportunity to answer written questions submitted by shareholders to the auditor as permitted under the Corporations Act.

#### **PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE**

**ASX Recommendation 5.1: A listed entity should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a Senior Executive level for that compliance and disclose those policies or a summary of those policies.**

The Company has adopted this recommendation.

The Company has established a Continuous Disclosure Policy which is designed to guide compliance with ASX Listing Rule disclosure requirements and to ensure that all Directors, Senior Executives and employees of the Company understand their responsibilities under the policy. The Board has designated the Chairman, an Independent Non-Executive Director, and the Company Secretary as the persons responsible for ensuring that this policy is implemented, and that all required price sensitive information is disclosed to the ASX as required.

In accordance with the Company's Continuous Disclosure Policy, all information provided to ASX for release to the market is posted to its website at [www.tanami.com.au](http://www.tanami.com.au) after ASX confirms an announcement has been made.

A copy of the Continuous Disclosure Policy is available 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**

**ASX Recommendation 6.1: A listed entity should provide information about itself and its governance to investors via its website.**

The Company has adopted this recommendation.

The Company's website at [www.tanami.com.au](http://www.tanami.com.au) contains information about the Company's projects, Directors and management and the Company's Corporate Governance practices, policies and charters. All ASX announcements made to the market, including annual and half year financial results are posted on the website as soon as they have been released by the ASX. The full text of all notices of meetings and explanatory material, the Company's Annual Report and copies of all investor presentations are posted on website.

**ASX Recommendation 6.2: A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.**

The Company has adopted this recommendation.

The Company's Chairman is the Company's main contact for investors and potential investors and is available to discuss the Company's activities when requested. In addition to announcements made in accordance with its continuous disclosure obligations the Company, from time to time, prepares and releases general investor updates about the Company.

Contact with the Company can be made via an email address provided on the website and investors can subscribe to the Company's mailing list.

**ASX Recommendation 6.3: A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.**

The Company has adopted this recommendation.

The Company encourages participation of shareholders at any general meetings and its Annual General Meeting each year. Shareholders are encouraged to lodge direct votes or proxies subject to the adoption of satisfactory authentication procedures if they are unable to attend the meeting.

The full text of all notices of meetings and explanatory material are posted on the Company's website at [www.tanami.com.au](http://www.tanami.com.au).

**ASX Recommendation 6.4: A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security register electronically.**

The Company has adopted this recommendation.

Contact with the Company can be made via an email address provided on the website and investors can subscribe to the Company's mailing list.

The Company's share register provides a facility whereby investors can provide email addresses to receive correspondence from the Company electronically and investors can contact the share register via telephone, facsimile or email.

#### **PRINCIPLE 7: RECOGNISE AND MANAGE RISK**

**ASX Recommendation 7.1: The Board of a listed entity should have a committee to oversee risk:**

- With at least three members, all of whom are Non-Executive Directors and a majority of which are independent Directors;
- Chaired by an independent Director; and
- Disclose the Charter of the Committee, the members of the Committee and the number of times the Committee met throughout the period and member attendance at those meetings.

The Company has adopted this recommendation.

Due to the small size of the Company, the Board has established an Audit and Risk Committee.

The Board, collectively, oversees the Company's risk management systems, practices and procedures to ensure effective risk identification and management and compliance with internal guidelines and external requirements.

A copy of the Charter of the Audit and Risk Policy is available in the Corporate Governance section of the Company's website at [www.tanami.com.au](http://www.tanami.com.au).

**ASX Recommendation 7.2: The Board or a committee of the Board, of a listed entity should review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and disclose in relation to each reporting period whether such a review was undertaken.**

The Company has adopted this recommendation.

The Charter of the Audit and Risk Committee provides that the Board will annually review the Company's risk management framework to ensure that it remains sound.

Given the Company's small size, the Board collectively oversees the Company's risk management systems and keeps them under review, including via the external audit.

**ASX Recommendation 7.3: A listed entity should disclose if it has an internal audit function and if it does not have an internal audit function that fact and the processes it employs for evaluating and continually improving the effectiveness of risk management and internal control processes.**

Given the Company's current small size, and limited level of operations, it does not have an internal audit function. The Board of Directors directly oversees the Company's risk management systems, and monitors its accounting functions.

**ASX Recommendation 7.4: A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and if it does how it manages or intends to manage those risks.**

The Company has adopted this recommendation.

The Company has exposure to economic risks, including general economy wide economic risks and risks associated with the economic cycle which impact on the price and demand for minerals, and which may affect sentiment for investment in exploration companies.

Should there be a future requirement for the Company to raise additional funding to pursue its business objectives, the Company's ability to raise capital may be affected by these economic risks. The Company is alert to the need to manage and minimise its exposure to these economic risks where appropriate.

The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment, which may change from time to time. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to meet the highest standard of environmental responsibility, including compliance with all environmental laws.

The Board currently considers that the Company does not have any material exposure to social sustainability risk. The Company's Corporate Code of Conduct outlines the Company's commitment to integrity and fair dealing in its business affairs, and to a duty of care to all employees, clients and stakeholders, including the indigenous landholders. The code sets out the principles covering appropriate conduct in a variety of contexts and outlines the minimum standard of behavior expected from employees when dealing with stakeholders.

#### **PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY**

**ASX Recommendation 8.1: The Board of a listed entity should establish a remuneration committee:**

- With at least three members the majority of which are independent Directors;
- Chaired by an independent Director; and
- Disclose the Charter of the Committee, the members of the Committee and the number of times the Committee met throughout the period and member attendance at those meetings.

The Company has adopted this recommendation.

The Board has established a Nomination and Remuneration Committee with a Charter that sets out the Committee's role and responsibilities, composition and membership requirements. Currently Mr. Montgomery (chair), Mr. McMahon and Mr. Procter, serve on the Nomination and Remuneration Committee.

A copy of the Committee's Charter is available in the Corporate Governance section of the Company's website at [www.tanami.com.au](http://www.tanami.com.au). Details of the number of meetings of the committee, and attendance at those meetings are set out in the Directors Report.

**ASX Recommendation 8.2: A listed entity should separately disclose its policies and practices regarding the remuneration of Non-Executive Directors and the remuneration of Executive Directors and other Senior Executives.**

The Company has adopted this recommendation.

Messrs. McMahon, Montgomery, Dew and Procter are paid a fixed annual fee for their service to the Company as a Non-Executive Directors. Non-Executive Directors may, subject to shareholder approval, be granted options.

Senior Executives of the Company typically receive remuneration comprising a base salary component and other fixed benefits based on the terms of their employment agreements with the Company, and potentially have the ability to participate in bonus arrangements. They may, subject to shareholder approval if appropriate, be granted options.

**ASX Recommendation 8.3: A listed entity which has an equity based remuneration scheme should have a policy on whether participants are permitted to enter into transactions which limit the economic risk of participating in the scheme and disclose the policy or a summary of that policy.**

The Company has adopted this recommendation.

Participants in any Company equity based remuneration scheme are not permitted to enter into transactions which limit the economic risk of participating in the scheme.

**DISTRIBUTION OF EQUITY SECURITIES AS AT 10 OCTOBER 2016**

Number of Securities Held			Number of Holders
1	-	1,000	1,679
1,001	-	5,000	1,181
5,001	-	10,000	403
10,001	-	100,000	1337
100,001	and	over	601
Total Number of Holders			5,201

**Holders of less than a marketable parcel as at 10 October 2016:**

Ordinary Shares 2,924 (3,849,425 Shares)

**Holders of an uneconomical parcel as at 10 October 2016:**

Ordinary Shares 3,768 (14,782,530 Shares)

**Substantial Shareholders as at 10 October 2016:**

-Allied Properties Resources Limited (APRL) 377,612,786 Ordinary Shares

-COL Capital Limited and its subsidiaries \*150,538,736 Ordinary Shares

\* These shares are held under the nominee Sun Hung Kai Investment Services Ltd.

**OPTIONS**

**Options on issue as at 10 October 2016**

Expiry Date	Type	Exercise Price	Number	Number of Holders
22 December 2016	Unquoted	\$1.34	300,000	1

**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 AS AT 10 OCTOBER 2016**

	Holder	Units Held	% of Units Issued
1	ALLIED PROPERTIES RESOURCES LTD	377,612,786	32.13%
2	SUN HUNG KAI INVESTMENT SERVICES LTD	150,538,736	12.81%
3	JEMAYA PL (JH FEATHERBY S/F A/C)	31,000,000	2.64%
4	PERTH SELECT SEAFOODS PL	28,250,000	2.40%
5	JEMAYA PL (FEATHERBY FAM A/C)	23,683,001	2.02%
6	LCY SUPER PL	20,165,945	1.72%
7	GERISE PL	20,000,000	1.70%
8	HSBC CUSTODY NOM AUST LTD	19,001,661	1.62%
9	SUN HUNG KAI INVESTMENTS SVCS LTD (CLIENTS A/C)	16,174,512	1.38%
10	CITICORP NOMINEES PL	15,770,497	1.34%
11	CR INVESTMENTS PL	10,000,000	0.85%
12	CEN PL	10,000,000	0.85%
13	CE & JE HARRIS PL	9,500,000	0.81%
14	RAVINA QLD PL	9,355,277	0.80%
15	YANDAL INV PL	8,250,001	0.70%
16	ABN AMRO CLRG SYD NOM PL	7,013,602	0.60%
17	WHITEHEAD N R + SMITH J H	5,500,000	0.47%
18	APACHE INV LTD	5,418,751	0.46%
19	SILTON PL	5,300,000	0.45%
20	LAWCAR PL	5,260,000	0.45%
	<b>TOTAL:</b>	<b>777,794,769</b>	<b>66.20%</b>



**TANAMI GOLD NL**  
**SCHEDULE OF MINERAL TENEMENTS**

**WESTERN AUSTRALIA**

		Granted From	Expiry Date	Blocks
<b>WA (TGNL 100%)</b>				
E80/1481	Balwina	05/10/93	04/10/16*	24
E80/1483	Bold Hill	16/04/92	15/04/17	15
E80/1737	Camel Hump	22/03/94	21/03/17	28
E80/3388	Olive	15/05/06	14/05/17	35
E80/3389	Popeye	15/05/06	14/05/17	35
E80/3665	Border	19/10/07	18/10/17	17
E80/5039A	New Southside	11/08/16	Application	18
P80/1480A	Gap South	11/08/16	Application	103 hectares
P80/1481A	Gap North	11/08/16	Application	49 hectares
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	Bald Hill 2	02/12/05	01/12/26	978 hectares

**WESTERN AUSTRALIA TOTAL**

**583 km<sup>2</sup>**

\* Application for Extension of term lodged.

**NORTHERN TERRITORY**

		Granted From	Expiry Date	Blocks
<b>CENTRAL TANAMI (TGNL 75% NSR 25%)</b>				
EL8797	Gamma	09/09/99	25/08/18	2
EL9763	Red Hills	24/07/00	23/07/17	7
EL9843	Chapmans Hill	27/03/06	31/12/16	21
EL10355	Red Hills North	04/06/01	03/06/17	4
EL10411	Tanami Downs North	04/06/01	03/06/17	7
EL22061	Farrands Hill South	27/03/06	31/12/17	13
EL22229	Question Mark Bore East	08/06/01	07/06/17	8
EL22378	Question Mark Bore Far East	08/06/01	07/06/17	6
EL23342	Coomarie	25/05/06	31/12/16	8
EL26925	Goanna 2	25/01/11	24/01/17	60
EL26926	Black Hills 2	25/01/11	24/01/17	204
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	04/10/16	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	Molech	18/11/98	31/12/22	804 hectares

**NORTHERN TERRITORY TOTAL**

**2,268 km<sup>2</sup>**

**TOTAL HELD**

**2,851 km<sup>2</sup>**