TANAMI
GOLD NL

ABN 51 000 617 176

2009 CONSOLIDATED INTERIM FINANCIAL REPORT

CONTENTS

The Directors present their report together with the consolidated interim financial report of the consolidated entity, being the Company and its controlled entity, for the half-year ended 31 December 2009 and the auditor's independent review report thereon.

1. Directors

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

Name		*Period of directorship*
Mr D P Waddell	Non-Executive Chairman	Appointed 21 July 1995
Mr G J Sloan	Managing Director/CEO	Appointed 18 September 2008
Mr A A Senior	Non-Executive Director	Appointed 31 July 2007
Mr Lee Seng Hui	Non-Executive Director	Appointed 5 March 2008

2. Results

The result of the consolidated entity for the half-year ended 31 December 2009 was a profit after income tax of $7,036,805 (2008: Loss $9,380,830).

3. Principal Activity

The principal activity of the consolidated entity during the course of the half-year was gold mining operations and mineral exploration.

4. Review of Activities

Overview

The Coyote Gold Operations are located in the remote Tanami Desert region of Western Australia. The operations consist of a 250,000 tonnes per annum treatment plant, an underground operation at Coyote and open pit operations at Coyote and Bald Hill. In September 2009, open pit mining operations ceased at Coyote Pit 2 and relocated to Bald Hill [Kookaburra and Sandpiper open pits] approximately 35 kilometres north of the Coyote mining operations and treatment plant.

The second half of 2009 was one of consolidation of the improvements made in the first half and continued development of the Coyote underground operations. Open pit mining recommenced at Bald Hill following a successful re-optimisation of the pits using current gold price and improved contractor mining rates.

A 9,000 metre underground diamond drill program was initiated at Coyote to better understand the high grade nature of the Bommie, South Zone and North Zone structures. Drilling to date has extended each of the three areas along strike and up and down dip with most remaining open in one or two directions. A revised resource upgrade is expected to be completed on these zones by June 2010.

Gold produced for the December 2009 half-year totalled 24,604 ounces being mostly sourced from the continued development of the Coyote underground, minor underground stoping activities, the Coyote open pit and from the recommencement of the Bald Hill open pits late in the half-year.

During the December 2009 half-year, the Company entered into a strategic exploration alliance with ABM Resources NL [ABM] which will see ABM explore for gold, copper and other minerals on the Company's Northern Territory [NT] exploration tenements which were sold to ABM. The alliance involved the Company transferring all of its NT tenements to ABM in consideration for:-

- $1.5 million cash;
- 265 million fully paid shares in ABM at no consideration;
- 300 million unlisted options at an exercise price of 1.5 cents [the options are subject to a number of conditions outlined in an ASX announcement dated 12 August 2009];
- ABM to spend a minimum of $10 million over two years exploring the NT tenements; and
- One seat on the ABM Board if requested by Tanami Gold NL.

The Company's wholly owned subsidiary, Tanami Exploration NL, is the single largest shareholder in the re-structured ABM with an equity position of approximately 22%.

To date, ABM has undertaken a preliminary exploration scoping study and identified a number of high priority exploration targets. Exploration field activities are expected to commence in April 2010 to correspond with the end of the wet season. The Company views the alliance as a means of fast tracking exploration on these highly prospective tenements and as a significant value adding opportunity for all Tanami Gold NL shareholders and stakeholders.

Also during the December 2009 half-year, the Company commenced negotiations with Newmont Asia Pacific [Newmont] to acquire the Tanami and Barrow Creek Divestment Packages located in the Tanami-Arunta geological province in the Northern Territory. Subsequent to balance date, the Company, in conjunction with ABM Resources NL, successfully bid a total of $32.775 million for both packages which resulted in Tanami acquiring 100% of the Groundrush Gold Project for $22 million. The project area is located approximately 90 kilometres east of the Company's existing Coyote operation.

The Groundrush Gold Project consists of:

- Over 500,000 ounces of JORC Code compliant Resources;
- The 1.2 million tonnes per annum Groundrush treatment plant;
- Extensive support infrastructure;
- A 2,000km^2 exploration package; and
- 2.1 million ounces in historic production within the Groundrush Gold Project Mining Lease area.

Following the Groundrush Gold Project acquisition which is expected to be finalised on or before 30 March 2010, the Company is aiming to increase production from its combined Tanami operations [Coyote, Bald Hill and the Groundrush Gold Project] to over 200,000 ounces per annum within a two year period.

To assist with fast tracking exploration on the Company's Western Tanami [Coyote and Bald Hill] tenements, the Company rolled its existing loan facilities into a HKD 75 million (AUD 10.8 million as at 31 December 2009) loan facility with the Allied group, the Company's largest shareholder. The facility will be utilised to fund both underground and surface exploration programs.

The Company's total debt as at 31 December 2009 was $8.99 million.

Mining

Underground Mining

The Coyote underground mine produced approximately 69,000 tonnes of ore grading 8.3g/t [approximately 18,000 ounces] compared to 50,000 tonnes grading 7.8g/t for the previous half. Ore was predominantly sourced from level development drives and minor stoping activities below the Gonzales 243 level. Late in the half, ore was also sourced from the high grade South lode following a successful underground exploration program which outlined a mineralised zone over 200 metres in strike on the 219, 207 and 194 level. The zone remains open down plunge and will be followed up with further diamond drilling in 2010.

A total of 2,027.5 metres [11.6m/day] of primary and secondary development was completed for the half year.

The decline reached the 190 level, approximately 194 metres below the surface and 130 metres below the base of the open pit. Diamond drill exploration has intersected high grade mineralisation up to 100 metres below the base of the current workings highlighting the significant upside to extend operations. These mineralised zones remain open down plunge and it is expected this style of mineralisation will extend much deeper. Further drilling is planned to test these depth extensions once drill sites can be established. This is expected to occur in the June 2010 Quarter. A new underground Resource that will include the Bommie, North and South lodes is expected to be completed by June 2010.

Despite the majority of the gold produced for the half year being sourced from high cost level development, cash cost was a respectable $697 per ounce for the half-year ended 31 December 2009. This figure is expected to reduce over the coming year as increased tonnes of stope production ore are treated.

Surface Mining

Mining in Coyote Pits 1 and 2 was completed during the September 2009 Quarter with final mined grades up to 60% in excess of the modelled grade for the final benches. A total of 12,200 tonnes grading 4.0g/t was extracted from Coyote 1 and 2 pits during the reporting period.

With the completion of open pit mining at Coyote, the mining fleet was relocated to Bald Hill [Sandpiper and Kookaburra deposits], approximately 35 kilometres north of the Coyote mine and processing operations. Mining occurred simultaneously in the Kookaburra and Sandpiper pits to ensure the best utilisation of personnel and equipment. A total of 83,100 tonnes of ore grading 3.3g/t was mined by the end of the reporting period. Positive grade reconciliation of approximately 110% has resulted following a campaign milling program of Bald Hill ore reflecting minimal dilution incurred through the application of revised grade control techniques and tighter mining control.

The Company believes the Sandpiper and Kookaburra deposits have the potential to extend to depth providing the opportunity for deeper pits and possible longer term underground mining.

Exploration

The Company's Western Australian tenements, (the Western Tanami Project [WTP]), contain many highly prospective targets identified from previous exploration programs. These targets include high grade vein intersections located immediately below the current Coyote Mine workings and advanced regional prospects with significant gold mineralisation all within trucking distance of the Coyote treatment plant.

The Company resumed exploration activities during the reporting period with the commencement of a program of underground diamond drilling at the Coyote Gold Mine in August 2009 and surface reverse circulation (RC) and diamond core drilling in November 2009.

Underground Exploration

The underground diamond drilling program was designed to deliver three specific outcomes:

- **Reserve Definition** – Infill drilling of existing reserves to clearly define the position and tenor of gold mineralisation.
- **Resource Definition** – Test for dip and strike extensions to lodes within the Inferred and Indicated Resource categories.
- **Exploration** – Test conceptual targets below the current level of drill coverage and follow up of significant mineralisation external to defined Resources.

At the end of the reporting period a total of 6,320 metres had been completed in 39 holes that provided definition to the high grade quartz vein mineralisation of South Zone, North Zone and Bommie and firmed the Gonzales Lode Reserves. Testing of deeper conceptual targets beneath current Resources remains to be completed.

South Zone is located within 50 metres of the main Gonzales Lode and primary mine development. It has been defined over approximately 200 metres strike and 60 metres dip extent and comprises up to three high grade narrow quartz veins that commonly show substantial visible gold in drill core and mine exposures. Exceptionally high grade intervals have been returned from diamond drilling including 0.3 metres grading 2,379g/t from CYUG1, 0.9 metres grading 1,517g/t from CYUG23, 0.4m grading 243g/t from CYUG13, 1.3 metres grading 209g/t from CYUG70 and 0.3m grading 87.9g/t from CYUG80.

The Bommie vein system has now been defined over 250 metres strike and 100 metres dip extent and remains open both up and down plunge. This zone is located approximately 80 metres north of the lowest level of the Gonzales Lode. High grade intersections from Bommie include 0.8 metres grading 109g/t from CYUG22, 0.3 metres grading 141g/t from CYUG33, 0.4 metres grading 192g/t from CYUG34, 0.4 metres grading 465g/t from CYUG36 and 0.3 metres grading 31.5g/t from CYUG38.

The Bommie drilling program also helped define the North Zone mineralisation more precisely. North Zone is located between Gonzales and Bommie and returned some high grade intersections including 0.3 metres grading 186g/t from CYUG39, 0.4 metres grading 50.8g/t from CYUG22, 0.4 metres grading 34.9g/t from CYUG24 and 0.4 metres grading 38.0g/t from CYUG33. While not as high grade as South Zone or Bommie, North Zone is still open along strike and has the potential to add significant recoverable ounces to the Company's resource inventory.

Resource estimations for these mineralised zones are expected to be completed by June 2010.

Surface Exploration

The Company recommenced surface exploration and Resource definition drilling within the WTP in November 2009. This initial phase of the campaign, comprising approximately 13,000 metres of combined RC and diamond core, aims to identify new deposits and better define existing open cut and underground gold resources. Drilling to date has focussed on the Kookaburra, Sandpiper, Cuckoo and Osprey deposits located at or adjacent to the Bald Hill operations.

At Sandpiper, initial drilling was planned to test the deposit at depth with a view to establishing a resource suitable for an underground mining operation. Hole SPDD2 intersected 15.1 metres grading 6.1g/t from 202 metres,130 metres above an intersection of 21 metres @ 3.7g/t in BLRCD1. This zone contains disseminated arsenopyrite, pyrite, sphalerite and galena and confirms a significant down plunge continuity to the Sandpiper system. The mineralised zone remains open to the east, west and down dip and Resource definition drilling is ongoing.

RC drilling was conducted at Kookaburra to infill existing drill coverage for open pit mine development. A total of 637 metres was drilled in seven holes targeting the limb and hinge zone of the Kookaburra Syncline. Evaluation of the results and their impact on the current pit design is in progress.

Drilling at Cuckoo was designed to bring the mineralisation defined by previous RAB and limited RC drilling and potentially exploitable by open pit mining up to Indicated Resource status through additional RC drilling. In total, 32 holes were completed for 1,538 metres which confirmed several plunging zones of gold mineralisation within the folded metasediment-dolerite sequence. Further work is required to define extensions of the mineralisation down-plunge.

The Osprey mineralisation is also potentially exploitable by open pit mining and required RC drilling to better define the flat surface zone and test a primary shoot at depth. A total of 21 holes were drilled for 699 metres and returned a significant result of 4 metres grading 15.8g/t from 55 metres in hole OSRC20. Further drilling is required to test the down-plunge extent of the high grade hinge zone mineralisation.

Diamond and RC drilling is planned to continue in the March and June 2010 Quarters with a focus on the Company's advanced prospects and the testing of conceptual targets throughout the WTP.

A large proportion of 2010 field work will be applied to the exploration of targets generated through the Western Tanami 4D geological modelling and target generation project completed by the University of Western Australia Centre for Exploration Targeting and refined by the Company's exploration team. In March 2010 an aircore rig will commence testing these more greenfields targets and will also be used for follow up drilling of mineralisation identified from previous programs.

Corporate

New Loan Facility with AP Finance Limited

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

- An unsecured loan facility for HKD 14.5 million (drawn down to HKD13.4 million) as at 30 June 2009;
- An unsecured loan facility for HKD 35 million (drawn down to HKD 25.1 million) as at 30 June 2009.

Both of these loans had an interest rate of 15% per annum and were due for repayment on 30 September 2009.

On 18 September 2009 (and prior to the expiry of these two unsecured loan facilities), the Company and AP Finance Limited agreed to roll these two loan facilities into a single larger facility with the following key provisions:

- AP Finance Limited agreed to lend the Company up to HKD 75 million (approximately AUD 10.5 million at establishment of the loan facility and AUD 10.8 million as at 31 December 2009) at an interest rate of 12% per annum; and

- The Company must repay the Loan in full by 31 December 2010.

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

Subsequent to 31 December 2009, the Company has been negotiating with AP Finance Limited to finalise funding for the acquisition of the Tanami Divestment Package from Newmont. It is anticipated that this funding will be in place on or before 30 March 2010, being the completion date of the Newmont transaction.

The proposed debt funding has been approved in principle by AP Finance Limited and the Company is currently finalising the facility documentation. The Company has paid a non-refundable deposit of $0.67 million in respect of the acquisition of the Tanami Divestment Package.

Strategic Exploration Alliance with ABM Resources NL

On 12 August 2009, the Company announced a strategic exploration alliance with ABM Resources NL (ABM) whereby ABM would explore for gold, copper and other minerals in the highly prospective Tanami-Arunta Province in the Northern Territory of Australia. The alliance involved Tanami Gold NL transferring its Northern Territory tenements to ABM with ABM committing to spend a minimum of $10 million on the tenements over a two year period subject to access conditions.

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

- $1.5 million dollars cash;

- 265 million fully paid ordinary shares in ABM at no consideration. These shares are subject of a 12 month voluntary escrow period;

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

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

- One seat on the ABM Board if requested by Tanami Gold NL.

On 18 December 2009, the Company completed the sale of its interests in its Northern Territory tenements to ABM.

5. Subsequent Events

Groundrush Gold Project Acquisition

On 28 January 2009, the Company announced the acquisition of the Groundrush Gold Project from Newmont Asia Pacific for $22 million. Key points associated with this acquisition are:

- The Groundrush Gold Project forms part of the Tanami and Barrow Creek Divestment Packages, which are being jointly acquired by the Company and its strategic exploration partner ABM Resources NL for a total of $32.775 million.

- The Groundrush Gold Project includes:

  - Over 500,000 ounces of JORC Code compliant Resources;

  - The 1.2 million tonnes per annum Groundrush treatment plant and extensive support infrastructure;

  - A 2,000km^2 exploration package; and

  - 2.1 million ounces in historic production within the Groundrush Gold Project Mining Lease area.

On 3 March 2010, formal Board approval was received from the Newmont Mining Corporation for the sale of the Tanami Divestment Package.

Settlement of the acquisition of the Tanami Divestment Package is scheduled to occur on 30 March 2010, and the Company will acquire and operate the Groundrush Gold Project through a new wholly owned subsidiary company Tanami (NT) Pty Ltd.

The Company has been negotiating with AP Finance Limited to finalise funding for the acquisition of the Tanami Divestment Package from Newmont. It is anticipated that this funding will be in place on or before 30 March 2010, being the completion date of the Newmont transaction.

The proposed debt funding has been approved in principle by AP Finance Limited and the Company is currently finalising the facility documentation. The Company has paid a non-refundable deposit of $0.67 million in respect of the acquisition of the Tanami Divestment Package.

Whilst the Company is jointly and severally liable to meet ABM Resources NL's obligation to purchase assets under the transaction with Newmont Asia Pacific, the Company notes that ABM Resources NL announced on 22 February 2010 that a share placement had been arranged for up to $20 million. A portion of these raised funds will be used to satisfy ABM Resources NL's commitments under the transaction with Newmont Asia Pacific.

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

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

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act is included on the following page and forms part of the directors' report for the half year ended 31 December 2009.

Signed in accordance with a resolution of the Directors:

G J Sloan
Managing Director/CEO

Perth, Western Australia

12 March 2010

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

To: the directors of Tanami Gold NL

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2009 there have been:

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

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

KPMG

KPMG

Trevor Hart
Partner

Perth

12 March 2010

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
for the half-year ended 31 December

	Note	31 Dec 2009 $	31 Dec 2008 $
Revenue from operating activities		28,545,288	13,293,086
Mine costs (including depreciation and amortisation)	6	(27,157,131)	(18,008,634)
Profit/(loss) on sale of assets		11,747,461	(25,109)
Other income		20,299	120,598
Exploration and evaluation expenses	7	-	(696,526)
Administration and corporate expenses		(1,990,061)	(2,631,139)
Results from operating activities		11,165,856	(7,947,724)
Financial income		51,521	196,339
Financial expenses		(2,338,675)	(453,950)
Unrealised foreign exchange gain/(loss)		456,255	(1,175,495)
Net financing costs		(1,830,899)	(1,433,106)
Share of loss of equity accounted investees (net of income tax)		(2,298,152)	-
Profit/(loss) before tax		7,036,805	(9,380,830)
Income tax expense		-	-
Profit/(loss) for the period		7,036,805	(9,380,830)
Other comprehensive income		-	-
Total comprehensive income for the period		7,036,805	(9,380,830)
Earnings per share			
Basic earnings/(loss) per share		0.002	(0.006)
Diluted earnings/(loss) per share		0.002	(0.006)

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	31 Dec 2009 $	30 June 2009 $
Assets			
Current Assets			
Cash and cash equivalents		4,598,012	1,157,195
Trade and other receivables		826,801	836,855
Inventories	9	6,846,730	5,986,235
Total Current Assets		12,271,543	7,980,285
Non-Current Assets			
Other receivables		2,343,023	2,346,415
Property, plant and equipment	8	20,374,576	21,223,271
Exploration and evaluation	7	4,997,741	3,992,169
Investment in associates	10	4,035,880	-
Derivatives	11	2,880,000	-
Total Non-Current Assets		34,631,220	27,561,855
Total Assets		46,902,763	35,542,140
Liabilities			
Current Liabilities			
Interest-bearing liabilities	12	9,247,989	6,229,225
Trade and other payables		7,229,340	6,366,289
Provisions		723,492	718,915
Total Current Liabilities		17,200,821	13,314,429
Non-Current Liabilities			
Provisions		2,539,951	2,290,355
Total Non-Current Liabilities		2,539,951	2,290,355
Total Liabilities		19,740,772	15,604,784
Net Assets		27,161,991	19,937,356
Equity			
Issued capital	13	183,469,346	183,469,346
Accumulated losses		(157,081,634)	(164,118,439)
Share based payment reserve		774,279	586,449
Total Equity		27,161,991	19,937,356

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

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

	Issued Capital	Accumulated Losses	Share Based Payment Reserve	Total Equity
Balance at 1 July 2008	172,382,390	(143,088,988)	334,464	29,627,866
Total comprehensive income for the period				
Profit or (loss)	-	(9,380,830)	-	(9,380,830)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	(9,380,830)	-	(9,380,830)
Transactions with owners, recorded direct in equity				
Contribution by and distributions to owners				
Share-based payment transactions	-	-	50,313	50,313
Total contributions by and distributions to owners	-	-	50,313	50,313
Shares issued during the half-year	11,086,956	-	-	11,086,956
Total transactions with owners	11,086,956	-	50,313	11,137,269
Balance as at 31 December 2008	183,469,346	(152,469,818)	384,777	31,384,305
Balance at 1 July 2009	183,469,346	(164,118,439)	586,449	19,937,356
Total comprehensive income for the period				
Profit or (loss)	-	7,036,805	-	7,036,805
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	7,036,805	-	7,036,805
Transactions with owners, recorded direct in equity				
Contribution by and distributions to owners				
Share-based payment transactions	-	-	187,830	187,830
Total contributions by and distributions to owners	-	-	187,830	187,830
Shares issued during the half-year	-	-	-	-
Total transactions with owners	-	-	187,830	187,830
Balance as at 31 December 2009	183,469,346	(157,081,634)	774,279	27,161,991

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

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

	31 Dec 2009 $	31 Dec 2008 $
Cash Flows From Operating Activities		
Cash receipts from customers	28,565,587	13,413,684
Cash payments in the course of operations	(22,123,615)	(16,197,878)
Interest received	52,249	112,953
Interest paid	(280,134)	(303,537)
Net cash provided by/(used in) operating activities	6,214,087	(2,974,778)
Cash Flows From Investing Activities		
Cash payments for development expenditure	(5,646,205)	(4,471,226)
Cash payments for exploration and evaluation	(1,137,468)	(2,319,774)
Proceeds from sale of property, plant and equipment	-	1,000
Proceeds from sale of other assets	1,500,000	-
Cash payments for property, plant and equipment	(448,976)	(4,422,126)
Cash proceeds from exploration security bonds	5,000	-
Net cash used in investing activities	(5,727,649)	(11,212,126)
Cash Flows From Financing Activities		
Net proceeds from issue of shares	-	11,086,956
Repayment of borrowings	(45,621)	(84,103)
Proceeds from borrowings	3,000,000	5,596,742
Net cash provided by financing activities	2,954,379	16,599,595
Net increase in cash and cash equivalent	3,440,817	2,412,691
Cash and cash equivalents at the beginning of the half year	1,157,195	2,668,944
Cash and cash equivalents at the end of the half year	4,598,012	5,081,635

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

1. Reporting Entity

Tanami Gold NL (the "Company") is a company domiciled in Australia. The condensed consolidated interim financial statements of the Company as at and for the six months ended 31 December 2009 comprise the Company and its subsidiary (together referred to as the "Consolidated Entity") and the Consolidated Entity's interests in associates and jointly controlled entities. The Consolidated Entity primarily is involved in gold mining operations and mineral exploration.

The consolidated annual financial statements of the Consolidated Entity as at and for the year ended 30 June 2009 are available upon request from the Company's registered office at Level 4, 50 Colin Street, West Perth, Western Australia 6005 or at www.tanami.com.au.

2. Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with AASB 134 *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Consolidated Entity as at and for the year ended 30 June 2009.

These condensed consolidated interim financial statements were approved by the Board of Directors on 12 March 2010.

3. Going Concern Basis of Preparation

The going concern basis of preparation has been adopted.

The Consolidated Entity has generated a net profit for the period ended 31 December 2009 of $7,036,805 (2008: Loss $9,380,830). At 31 December 2009, it had a net working capital deficiency of $4,929,278 (30 June 2009: $5,334,144).

The Company has an unsecured loan facility with AP Finance Limited (of which the ultimate holding company is Allied Group Limited, an entity associated with Mr Lee Seng Hui, who is a Director of the Company) totalling HKD 75 million (approximately AUD 10.8 million as at 31 December 2009). The facility is unsecured and repayable on 31 December 2010.

Based upon the current production forecasts and expected positive cash margins from the Company's Coyote and Bald Hill operations, the Directors consider there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

In the event that the Coyote and Bald Hill operations fail to achieve anticipated production and cash flow outcomes, the Company may be required to source additional cash from debt or equity markets. The Directors are confident that the going concern basis of preparation remains appropriate.

4. Significant Accounting Polices

Except as described below, the accounting policies applied by the Consolidated Entity in these condensed consolidated interim financial statements are the same as those applied by the Consolidated Entity in its consolidated financial statements as at and for the year ended 30 June 2009.

(a) Change in accounting policy

(i) Presentation of financial statements

The Consolidated Entity applies revised AASB101 1 *Presentation of Financial Statements* (2007), which became effective as at 1 January 2009. As a result, the Consolidated Entity disclosed each item of other comprehensive income separately in the condensed consolidated statement of comprehensive income. This presentation has been applied in these consolidated interim financial statements as of and for the six months period ended 31 December 2009.

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

(ii) Determination and presentation of operating segments

As of 1 July 2009 the Consolidated Entity determines and presents operating segments based on the information that internally is provided to the Managing Director/CEO, who is the Consolidated Entity's chief operating decision maker. This change in accounting policy is due to the adoption of AASB 8 *Operating Segments.*

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

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

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

(b) Accounting policies for new transactions and events

(i) Accounting for investments in associates

Associates are those entities in which the Consolidated Entity has significant influence, but no control, over the financial and operating policies. Significant influence is presumed to exist when the Consolidated Entity holds between 20 and 50 percent of the voting power of another entity.

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

4. Significant Accounting Polices (continued)

(ii) Financial instruments
(a) 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.

5. Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Except as described below, in preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Consolidated Entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2009.

During the six months ended 31 December 2009 management assessed its estimate in respect of derivative asset valuations (see note 11).

6. Mine Costs

Included in mine costs for the period are the following:

Mine costs	31 Dec 2009 $	31 Dec 2008 $
Mining	12,688,172	7,599,401
Processing	5,463,435	4,174,655
Site Administration	1,757,803	3,617,553
Depreciation and amortisation	7,247,721	2,617,025
	27,157,131	18,008,634

7. Exploration and evaluation

	31 Dec 2009 $	30 June 2009 $
Exploration and evaluation (at cost net of amounts written off)		
	4,997,741	3,992,169
Reconciliation		
Carrying amount at beginning of period	3,992,169	2,269,083
Expenditure during period	1,760,091	2,011,760
Expenditure written off	-	(696,526)
Carrying value of tenements sold	(754,519)	-
	4,997,741	3,992,169

The ultimate recoupment of exploration and evaluation expenditure is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas.

CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

8. Property Plant and Equipment	**31 Dec 2009**	**30 June 2009**
Property, plant and equipment (at cost net of depreciation and amortisation)	20,374,576	21,223,271
Reconciliation		
Carrying amount at beginning of period	21,223,271	24,228,353
Additions (i)	6,210,843	12,059,673
Disposals (ii)	(57,500)	(1,258,980)
Accumulated depreciation on disposals	20,762	463,800
Depreciation and amortisation *	(7,247,721)	(13,851,819)
Movement in capital works in progress	224,921	(417,756)
	20,374,576	21,223,271

* Depreciation and amortisation cost for the half-year ended 31 December 2008 was $2,617,025.

(i) Additions for the half-year ended 31 December 2009 consist of:

Buildings	-	258,278
Plant and equipment	112,754	4,183,105
Motor vehicles	53,001	258,051
Furniture and fittings	22,817	94,936
Rehabilitation asset	173,669	-
Mine development	5,848,602	7,265,303
	6,210,843	12,059,673

(ii) Disposals for the half-year ended 31 December 2009 consist of:

Plant and equipment	(57,500)	(1,029,990)
Motor vehicles	-	(48,050)
Furniture and fittings	-	(180,940)
	(57,500)	(1,258,980)

9. Inventories	**31 Dec 2009**	**30 June 2009**
Inventories		
Stockpile – at net realisable value	2,803,643	667,433
Raw materials and stores – at cost	3,277,441	3,101,366
Gold in circuit – at cost	323,012	987,036
Bullion – at cost	428,875	1,216,641
Other	13,759	13,759
	6,846,730	5,986,235

10. Investment in associates

On 18 December 2009, the Consolidated Entity completed the sale of its interests in its Northern Territory tenements to ABM. Part of the consideration the Consolidated Entity received was:

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

The Consolidated Entity's share of losses in its equity accounted investees for the period from 18 December 2009 (completion of transaction) to 31 December 2009 was $2,298,152.

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

In thousands of AUD **2009**	**Owner-ship**	**Current Assets**	**Non-current Assets**	**Total Assets**	**Current Liabilities**	**Non-Current Liabilities**	**Total Liabilities**	**Revenues**	**Expenses**	**Profit/ (loss)**
ABM Resources NL (associate)	22.48%	3,746	6,846	10,592	696	216	912	62	(27,104)	(27,042)

Reconciliation of Investment in Equity Accounted Investee

	31 Dec 2009
Balance at 1 July 2009	-
Initial investment	6,334,032
Share of loss	(2,298,152)
Balance as 31 December 2009	4,035,880

11. Derivatives

	31 Dec 2009	**30 June 2009**
Non-current investments		
Derivatives not used for hedging	2,880,000	-

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

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

11. Derivatives (continued)

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

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

12. Interest Bearing Liabilities

Loans

	Effective Interest Rate	Maturity	31 Dec 2009	30 June 2009
HKD 13.4 million	15%	30 Sept 2009	-	2,153,504
HKD 25.1 million	15%	30 Sept 2009	-	4,030,691
HKD 62.6 million	12%	31 Dec 2010	9,247,989	-
Balance as 31 December 2009			9,247,989	6,184,195

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

- An unsecured loan facility for HKD 14.5 million (drawn down to HKD 13.4 million) as at 30 June 2009; and

- An unsecured loan facility for HKD 35 million (drawn down to HKD 25.1 million) as at 30 June 2009.

Both of these loans had an interest rate of 15% per annum and were due for repayment on 30 September 2009.

On 18 September 2009 (and prior to the expiry of these two unsecured loan facilities), the Company and AP Finance Limited agreed to roll these two loan facilities into a single larger unsecured facility with the following key provisions:

- AP Finance Limited agreed to lend the Company up to HKD 75 million (approximately AUD 10.5 million at establishment of the loan facility and AUD 10.8 million as at 31 December 2009) at an interest rate of 12% per annum; and

- The Company must repay the Loan in full by 31 December 2010.

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

As at 31 December 2009, the Company had drawn down HKD 62.6 million (AUD 8.99 million).

HKD 75 million loan facility

Total interest expense for the half year was $443,811.

The loan agreement has the following material terms and conditions:

- The Company has paid the Lender a facility fee of HKD 2.51 million (approximately AUD 350,000) in respect of the loan agreement which was deducted from the first draw down of the loan;

- Interest of 12% per annum is payable on the amount outstanding every 3 months in arrears.

- The Company must repay the Loan in full by 31 December 2010; and

- Advances that have been repaid or prepaid under the loan agreement may be redrawn by the Company from time to time until 31 December 2010.

13. Issued Capital

Share Placements

There were no shares issued during the half-year ended 31 December 2009.

Share Options

There were no options issued during the half-year ended 31 December 2009.

14. Segment information

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

Information about reportable segments

	Gold Production		Exploration		Total	
	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
Revenues	28,545,288	13,293,086	-	-	28,545,288	13,293,086
Reportable segment profit/(loss) before income tax	1,388,157	(4,715,548)	-	(696,526)	1,388,157	(5,412,074)

In thousands of AUD	Gold Production		Exploration		Segment Total		Unallocated Assets		Consolidated	
	Dec 09	Jun 09	Dec 09	Jun 09	Dec 09	Jun 09	Dec 09	Jun 09	Dec 09	Jun 09
Segment Assets	27,837	27,839	7,275	6,256	35,112	34,095	11,791	1,447	46,903	35,542

Reconciliation of reportable segment profit or loss

	31 Dec 2009	31 Dec 2008
Total profit/(loss) for reportable segments	1,388,157	(5,412,074)
Other profit/(loss)	(3,800,661)	(3,943,647)
	(2,412,504)	(9,355,721)
Profit/(loss) on sale of assets	11,747,461	(25,109)
Share of loss of equity accounted investees	(2,298,152)	-
Consolidated profit/(loss) before tax	7,036,805	(9,380,830)

15. Subsequent Events

Groundrush Gold Project Acquisition

On 28 January 2009, the Company announced the acquisition of the Groundrush Gold Project from Newmont Asia Pacific for $22 million. Key points associated with this acquisition are:

- The Groundrush Gold Project forms part of the Tanami and Barrow Creek Divestment Packages, which are being jointly acquired by the Company and its strategic exploration partner ABM Resources NL for a total of $32.775 million.
- The Groundrush Gold Project includes:
  - ➢ Over 500,000 ounces of JORC Code compliant Resources;
  - ➢ The 1.2 million tonnes per annum Groundrush treatment plant and extensive support infrastructure;
  - ➢ A 2,000km² exploration package; and
  - ➢ 2.1 million ounces in historic production within the Groundrush Gold Project Mining Lease area.

On 3 March 2010, formal Board approval was received from the Newmont Mining Corporation for the sale of the Tanami Divestment Package.

Settlement of the acquisition of the Tanami Divestment Package is scheduled to occur on 30 March 2010, and the Company will acquire and operate the Groundrush Gold Project through a new wholly owned subsidiary company Tanami (NT) Pty Ltd.

The Company has been negotiating with AP Finance Limited to finalise funding for the acquisition of the Tanami Divestment Package from Newmont. It is anticipated that this funding will be in place on or before 30 March 2010, being the completion date of the Newmont transaction.

The proposed debt funding has been approved in principle by AP Finance Limited and the Company is currently finalising the facility documentation. The Company has paid a non-refundable deposit of $0.67 million in respect of the acquisition of the Tanami Divestment Package.

Whilst the Company is jointly and severally liable to meet ABM Resources NL's obligation to purchase assets under the transaction with Newmont Asia Pacific, the Company notes that ABM Resources NL announced on 22 February 2010 that a share placement had been arranged for up to $20 million. A portion of these raised funds will be used to satisfy ABM Resources NL's commitments under the transaction with Newmont Asia Pacific.

DIRECTORS' DECLARATION
For the half-year ended 31 December 2009

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

In the opinion of the directors:

a) the financial statements and notes set out on pages 10 to 21, 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 31 December 2009 and of its performance for the half-year ended on that date; and

(ii) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001; and

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

Signed in accordance with a resolution of the Directors:

G J Sloan

Managing Director/CEO

Perth, Western Australia

12 March 2010

KPMG

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

Report on the financial report

We have reviewed the accompanying consolidated interim financial report of Tanami Gold NL, which comprises the condensed consolidated statement of financial position as at 31 December 2009, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the interim period ended on that date, a description of accounting policies and other explanatory notes 1 to 15 and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the interim period.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2009 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Tanami Gold NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2009 and of its performance for the interim period ended on that date; and

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

KPMG

KPMG

Trevor Hart
Partner

Perth

12 March 2010