



26 February 2015

The Board of Tanami Gold NL (**Tanami**) refers to the binding conditional joint venture heads of agreement between Tanami and Metals X Limited (**Metals X**) in relation to Tanami's Central Tanami Project (**CTP**) announced on 9 February 2015 (the **Metals X HoA**).

The Tanami Board has since received an unsolicited alternative proposal from Northern Star Resources Limited (**Northern Star**) in relation to the CTP which the Board, after careful consideration, is of the opinion is superior to the transaction contemplated by the Metals X HoA (the **Metals X Transaction**) and that the Tanami Board intends, subject to there being no superior proposals, to vote in favour of the NST Transaction and against the Metals X Transaction, in relation to any shares owned or controlled by them.

The Tanami Board is pleased to advise that it has entered into binding conditional joint venture heads of agreement with Northern Star (the **Northern Star HoA**) pursuant to which, Northern Star will progressively acquire a 60% joint venture (**JV**) interest in the CTP.

The key terms of the Northern Star HoA are as follows:

1. Northern Star will, at Completion, acquire a 25% interest (**Initial Interest**) in the CTP for A\$20 million, comprising of:
 - (a) a A\$11 million cash payment; and
 - (b) the issue of approximately 4,290,228 fully paid ordinary shares in Northern Star (**NST Shares**), which have a value of A\$9 million based on their five day volume weighted average price (**VWAP**) prior the date of this announcement.
2. Upon completion of Northern Star's acquisition of the Initial Interest (**Completion**):
 - (a) Tanami and Northern Star will form an unincorporated JV. Northern Star will be appointed as the manager of the JV; and
 - (b) Northern Star will earn a further 35% (for a total JV interest of 60%) by solely funding all expenditure and costs required to bring the CTP back into commercial production, which will be achieved once the CTP process plant has been refurbished and is operated for a 30 day period or has produced 5,000 ounces of gold (**Commercial Production**).
3. During the sole funding period Northern Star will conduct exploration on the tenements (which form part of the CTP) that it considers appropriate and consistent with good exploration practice and will proceed to refurbish the plant at the CTP in accordance with good mining and engineering practice.
4. Northern Star will grant to Tanami two put options to sell all its remaining interests in the CTP as follows:



- (a) the first put option will grant Tanami the right to sell 15% of the CTP for A\$20 million in cash or NST Shares (valued at the five day VWAP prior to exercise of the first put option) at Tanami's election, at any time up to the earlier of 30 calendar days following achievement of Commercial Production or three years after Completion. If Commercial Production is achieved more than three years after Completion Tanami may exercise this option at any time up to 30 calendar days following achievement of Commercial Production; and
 - (b) the second put option will grant Tanami the right to sell 25% of the CTP for A\$32 million in cash or NST Shares (valued at the five day VWAP prior to exercise of the second put option) at Tanami's election, at any time up to six calendar months following the achievement of Commercial Production.
5. The Northern Star HoA is subject to a number of conditions, including the following:
- (a) the termination of the Metals X HoA;
 - (b) Tanami obtaining the approval of its shareholders under ASX Listing Rule 11.2 in order to give effect to the transactions contemplated by the Northern Star HoA (the **Northern Star Transaction**); and
 - (c) there being no superior proposal received by Tanami or Tanami (NT) Pty Ltd (**Tanami NT**) during the period from the date of this announcement up until the time of the Tanami Shareholders Meeting (defined below).

The Directors of Tanami have carefully considered the terms and conditions of both the Metals X Transaction and the Northern Star Transaction and, in their opinion, the Northern Star Transaction is superior to the Metals X Transaction. For the purposes of satisfying the condition referred to the paragraph 5(b) above, Tanami will seek the required approval of its shareholders in general meeting (**Tanami Shareholders Meeting**).

Having regard to Tanami's obligations under the Metals X HoA, Tanami will at the Tanami Shareholders Meeting also put the Metals X Transaction before shareholders for approval. Accordingly, shareholders will have the opportunity to consider both the Metals X Transaction and the Northern Star Transaction at the Tanami Shareholders Meeting and determine which transaction to approve.

Tanami expects to dispatch the notice of general meeting and explanatory statement for the purposes of convening the Tanami Shareholders Meeting within the next two weeks.

At the Tanami Shareholders Meeting, the Directors of Tanami:

1. intend to vote in favour of the Northern Star Transaction in relation to their respective shareholdings, subject to there being no superior proposal received by Tanami or Tanami NT during the period from the date of this announcement until the time of the Tanami Shareholders Meeting; and
2. provided there is a superior proposal at the relevant time, intend to vote against transactions contemplated by the Metals X HoA at the Tanami Shareholders Meeting in relation to their respective shareholdings.



Allied Properties Resources Limited, a substantial shareholder of Tanami, has confirmed to the Tanami Board that at the Tanami Shareholders Meeting:

1. it intends to vote in favour of the Northern Star Transaction, subject to there being no superior proposal received by the Company or Tanami NT during the period from the date of this Announcement up until the time of the Tanami Shareholders Meeting; and
2. provided there is a superior proposal at the relevant time, it intends to vote against the Metals X Transaction.

Gerard McMahon
Chairman