



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

ABN 51 000 617 176

**CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2015**

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DIRECTORS' REPORT (Cont'd)

For the half-year ended 31 December 2015

The Directors present their report together with the consolidated interim financial report of the consolidated entity, being the Company and its controlled entities, for the half-year ended 31 December 2015 ("half-year") and the auditor's independent review report thereon.

1. Directors

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

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

2. Results

The consolidated entity had a total comprehensive profit for the period ended 31 December 2015 of \$15,040,523 (2014: Loss of \$2,677,000). At that date the Company held cash and cash equivalents of \$5.6 million (FY2014: \$196k) and in addition held 2,290,228 Northern Star Resources Limited shares at \$2.78 per share (equating to \$6.4 million at that date).

3. 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 half-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"), currently being leased to ABM Resources NL until 14 July 2016 ("ABM") is located in Western Australia and consists of a 350,000 tonnes per annum carbon-in-leach treatment plant and the surrounding Western Tanami Tenements. The Company's main undertaking, the Central Tanami Project ("CTP") in the Northern Territory is located adjacent to the Tanami Track and approximately 90 kilometres east of Coyote.

4. Corporate and Financial Overview

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%). For full details of the NST HoA refer to the Company's announcement to the ASX on 26 February 2015 – NST Signs HoA to Acquire 75% of Central Tanami Project. 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 will include 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%).

Refer to section 5 Exploration Activities Overview for an update on the JV activities undertaken by NST at the Company's CTP.

DIRECTORS' REPORT (Cont'd)
For the half-year ended 31 December 2015

Sale of NST Shares

Upon Completion of the NST HoA, the Company received 4,290,228 NST shares representing an initial value of \$9.0 million as part consideration of 25% of the CTP sold (based on the VWAP prior to the date of the announcement of the NST HoA on 26 February 2015).

During the half year ended 31 December 2015, the Company sold 2,000,000 shares at a weighted average price of \$2.66 per share to receive approximately \$5.3 million.

At 31 December 2015, the Company had 2,290,228 shares in NST remaining. Refer to section 7 Subsequent Events for details of any NST shares sold after 31 December 2015.

Coyote Plant Agreement with ABM Resources NL

On 6 July 2015, the Company announced that the conditions precedent to the Coyote Plant Agreement ("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 for the Coyote gold plant and associated infrastructure ("Coyote"). The initial Lease Term is for 12 months commencing 14 July 2015.

Under the terms of the Agreement, ABM has the option to renew the Initial Lease Term for a further term of 12 months and/or exercise an option to purchase Coyote. The Agreement also includes pre-emptive rights on the Company's surrounding exploration licences.

ABM has not advised the Company of its future intentions at Coyote and does not need to do so until 3 months before the expiry date of the Initial Lease Term, however ABM have publicly announced that mining at their Old Pirate Gold Mine is scheduled to be completed by early April 2016.

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

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 and 12 August, 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

The Company has a legally binding letter of support from AP Finance Limited for the continuation of its offer to provide an unsecured Loan Facility of approximately A\$12.0 million ("Loan Offer"). The Loan Offer repayment date is 31 March 2016 and the Company has not made any drawdowns (all terms and conditions are consistent with the original letter of support). The Company has decided that it is not necessary to renew the letter of support when it expires on 31 March, 2016.

Litigation with Metals X Limited

The Board has previously advised shareholders that there is ongoing litigation with Metals X Limited ("MLX") regarding the aforementioned NST HoA.

On 25 November 2015, the Company and MLX attended a Mediation Conference which failed to resolve the matter. The Company's Board denies the legal and factual basis of MLX's claims and the matter will now proceed to be dealt with in The Supreme Court of WA. As a result, the Company estimates it may incur legal fees of at least \$500,000 up to 30 June 2016.

The litigation is currently not affecting the operation of the NST Joint Venture.

DIRECTORS' REPORT (Cont'd)
For the half-year ended 31 December 2015

5. Exploration Activities Overview

Central Tanami Project (75% Tanami)

In accordance with the JV that came into existence on 3 August 2015, management of the exploration activities at the Company's CTP was handed over to NST who will sole fund all JV expenditure including, among other things, the CTP exploration and evaluation costs. The Company has continued to provide input into the exploration targeting at the CTP although it is now the responsibility of NST, as Manager of all JV activities, to ensure all ongoing exploration activities are carried out and annual exploration commitments are met.

NST's exploration to date has focused on an initial 20,000 metre diamond drilling program at the flagship Groundrush Deposit with the aim of improving the confidence level in the existing 1Moz Resource in the lead-up to a decision to commence refurbishing the CTP processing plant.

By the end of December 2015, a total of 16,000m had been completed, with results in line with previous drilling by the Company. The drilling program has been completed and all assay results expected to be returned by the end of the March 2016 quarter.

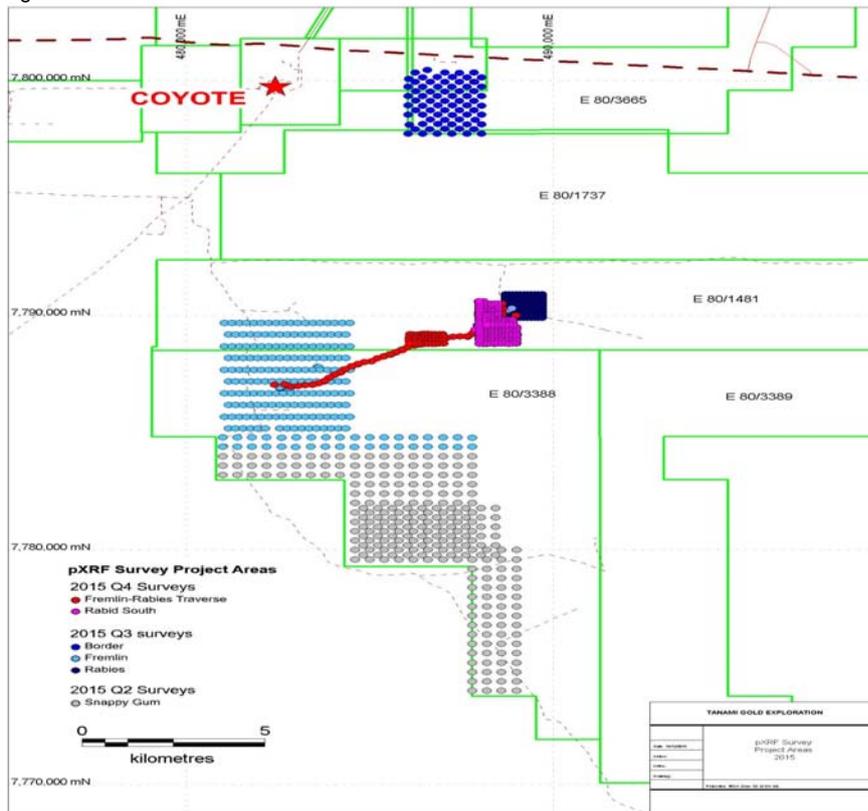
Further detail of this drilling is detailed in "Central Tanami Project Update" announcements made by NST on the 10 December 2015 and 20th January 2016.

Western Tanami (100% Tanami)

During the half year, exploration at the Western Tanami Project has progressed steadily with a focus on Greenfield exploration over the Company's tenement holding, surrounding the Coyote Processing Facility.

Activities included a series of field programs focusing of geological mapping and portable XRF ("pXRF") surveys, across the Fremlin, Boarder, Rabies and Rabid South Prospects (Figure 1), utilising pathfinder elements such as Arsenic to vector in on hydrothermal alterations and assist in identifying mineralised structure orientation.

Figure 1



DIRECTORS' REPORT (Cont'd)
For the half-year ended 31 December 2015

The combination of these techniques as a first pass exploration tool has been successful in generating several follow-up targets with work continuing on the Rabid South Prospect, to expand the pXRF grid along with more detailed field mapping to confirm structural orientations.

In November 2015, the Company acquired improved satellite imagery covering its entire tenement package in the Western Tanami.

6. Business Strategies and Prospects

During the half-year, the Board expended considerable effort toward completing the NST HoA (3 August 2015) and the Coyote Plant Agreement (14 July 2015).

By the end of March 2016, NST expects to have received all assay results from its 20,000m diamond drilling program, aimed at improving confidence in the existing 1Moz Resource, the results of which will be used in the lead-up to a decision as to when to commence refurbishment of the CTP processing plant.

7. Subsequent Events

During the period 20 January 2016 to 10 February 2016, the Company sold a further 790,228 NST shares at a weighted average price of \$3.36 per share receiving approximately \$2.65 million (net of transaction costs).

8. 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 2015.

9. Rounding

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

Signed in accordance with a resolution of the Directors:



Gerard McMahan
Non-Executive Chairman
Perth, Western Australia
14 March 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 half-year ended 31 December 2015 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

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

R Gambitta
Partner

Perth

14 March 2016

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
For the half-year ended 31 December 2015

	Note	31 Dec 2015 \$'000	31 Dec 2014 \$'000
Revenue from operating activities		12	30
Profit on sale of assets	7	16,019	223
Other income	8	1,063	871
Mine administration costs (incl depreciation and amortisation)	9	(2,180)	(1,235)
Exploration and evaluation expenses	10	(397)	(1,239)
Corporate and other expenses		(865)	(698)
Results from operating activities		<u>13,652</u>	<u>(2,048)</u>
Financial income		48	29
Financial expenses		(222)	(658)
Net financing expense		<u>(174)</u>	<u>(629)</u>
Profit/(loss) before tax		<u>13,478</u>	<u>(2,677)</u>
Income tax benefit	11	469	-
Profit/(loss) from operations		<u>13,947</u>	<u>(2,677)</u>
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Net gain on financial assets classified as available for sale	11	1,094	-
Other comprehensive income for the period (net of income tax)		<u>1,094</u>	<u>-</u>
Total comprehensive profit/(loss) for the period attributable to owners of the Company		<u>15,041</u>	<u>(2,677)</u>
Earning per share			
Basic gain/(loss) per share		0.013	(0.002)
Diluted gain/(loss) per share		<u>0.013</u>	<u>(0.002)</u>

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
For the half-year ended 31 December 2015

		31 Dec 2015 \$'000	30 Jun 2015 \$'000
Assets	Note		
Current Assets			
Cash and cash equivalents		5,601	196
Trade and other receivables		35	378
Available for sale financial assets	11	6,367	-
Inventories	12	196	852
Total Current Assets		<u>12,199</u>	<u>1,426</u>
Non-Current Assets			
Other receivables		2,513	2,513
Property, plant and equipment	13	3,486	4,784
Acquired exploration and evaluation	10	15,539	20,719
Total Non-Current Assets		<u>21,538</u>	<u>28,016</u>
Total Assets		<u>33,737</u>	<u>29,442</u>
Liabilities			
Current Liabilities			
Interest bearing liabilities	14	-	11,231
Trade and other payables		246	989
Provisions		14	47
Deferred revenue		1,083	-
Total Current Liabilities		<u>1,343</u>	<u>12,267</u>
Non-Current Liabilities			
Provisions		10,254	10,076
Total Non-Current Liabilities		<u>10,254</u>	<u>10,076</u>
Total Liabilities		<u>11,597</u>	<u>22,343</u>
Net Assets		22,140	7,099
Equity			
Issued capital	15	317,637	317,637
Accumulated losses		(296,721)	(310,668)
Reserves	16	1,224	130
Total Equity Attributable to Equity Holders of the Company		<u>22,140</u>	<u>7,099</u>

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 2015

	Issued Capital \$'000	Accumulated Losses \$'000	Share Based Payment Reserve \$'000	Available For Sale Fair Value Reserve \$'000	Total Equity \$'000
Balance at 1 July 2014	317,637	(305,800)	1,873	-	13,710
Total comprehensive income for the period					
Loss for the period	-	(2,677)	-	-	(2,677)
Total comprehensive loss for the period	-	(2,677)	-	-	(2,677)
Transactions with owners, recorded direct to equity					
Transfer of forfeited options to retained earnings	-	1,601	(1,601)	-	-
Total contributions by the distributions to owners	-	1,601	(1,601)	-	-
Total transaction with owners	-	1,601	(1,601)	-	-
Balance at 31 December 2014	317,637	(306,876)	272	-	11,033
Balance at 1 July 2015	317,637	(310,668)	130	-	7,099
Total comprehensive income for the period					
Profit for the period	-	13,947	-	-	13,947
Net change in fair value of available for sale financial assets	-	-	-	1,094	1,094
Total comprehensive profit for the period	-	13,947	-	1,094	15,041
Transactions with owners, recorded direct to equity					
Total contributions by the distributions to owners	-	-	-	-	-
Total transaction with owners	-	-	-	-	-
Balance at 31 December 2015	317,637	(296,721)	130	1,094	22,140

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 2015

	Consolidated	
	For the half-year ended 31 Dec 2015 \$'000	For the half-year ended 31 Dec 2014 \$'000
Cash flows from operating activities		
Cash receipts from customers	12	30
Cash receipts from ABM lease	2,000	589
Cash payments in the course of operations	(1,347)	(2,390)
Cash payments for withholding tax	(43)	(34)
Interest received	51	35
Interest paid	(197)	(237)
Payments for exploration and evaluation	(539)	(1,144)
Proceeds from exploration security deposit refunds	-	201
<i>Net cash used by operating activities</i>	<u>(63)</u>	<u>(2,950)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	-	(22)
Proceeds from sale of property, plant and equipment	11,000	109
Dividends received	146	-
Proceeds from sale of financial assets	5,322	-
<i>Net cash provided from investing activities</i>	<u>16,468</u>	<u>87</u>
Cash flows from financing activities		
Proceeds from borrowings	1,000	4,000
Repayment of borrowings	(12,000)	(220)
<i>Net cash provided from financing activities</i>	<u>(11,000)</u>	<u>3,780</u>
Net increase in cash and cash equivalents held	5,405	917
Cash and cash equivalents at beginning of the period	196	925
Cash and cash equivalents at the end of the period	<u>5,601</u>	<u>1,842</u>

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

CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS For the half-year ended 31 December 2015

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 2015 comprise the Company and its subsidiaries (together referred to as the “Consolidated Entity”) and the Consolidated Entity’s interests in associates and jointly controlled entities. The Consolidated Entity primarily is involved in gold exploration.

The consolidated annual financial statements of the Consolidated Entity as at and for the year ended 30 June 2015 are available upon request from the Company’s registered office at Unit B1, 431 Roberts Road, Subiaco, WA 6005 or at www.tanami.com.au.

2. Statement of Compliance

These condensed consolidated interim financial statements are a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Consolidated Entity as at and for the year ended 30 June 2015.

These condensed consolidated interim financial statements were approved by the Board of Directors on 14 March 2016.

3. Significant Accounting Policies

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 2015.

4. Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Consolidated Entity’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2015.

5. 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.

6. Dividends

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

CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS
For the half-year ended 31 December 2015
7. Profit on Sale of Assets

	31 Dec 2015 \$'000	31 Dec 2014 \$'000
Profit on sale of assets	<u>16,019</u>	<u>223</u>
Which includes:		
Profit on sale of other assets	-	223
Profit on sale of NST shares*	1,126	-
Profit on sale of 25% interest in CTP**	<u>14,893</u>	<u>-</u>
	<u>16,019</u>	<u>223</u>

* During the half-year, the Company sold 2,000,000 NST shares at a weighted average price of \$2.66 per share. The shares were initially recognised at \$2.10 per share.

** 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, 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:

Consideration received:	\$'000	\$'000
Cash consideration		11,000
4,290,228 NST shares at \$2.10 per share		<u>9,000</u>
Total consideration		20,000
Assets and liability disposal (25%) of CTP:	100%	25%
Exploration and evaluation asset	20,719	(5,180)
Property, plant and equipment	1,479	(370)
Rehabilitation liability	(1,769)	443
Carrying value of CTP assets and liabilities	<u>20,429</u>	<u>(5,107)</u>
Profit on sale of 25% interest in CTP		<u><u>14,893</u></u>

8. Other Income

	31 Dec 2015 \$'000	31 Dec 2014 \$'000
Other income	<u>1,063</u>	<u>871</u>
Which includes:		
Dividends received*	146	-
Initial lease payment from ABM**	917	-
Other receipts	<u>-</u>	<u>871</u>
	<u>1,063</u>	<u>871</u>

* This amount includes a \$0.03 cent dividend distribution on 4,290,228 NST shares totalling \$128,707.

** On 6 July 2015, 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 for the Coyote gold plant and associated infrastructure. The initial Lease Term is for 12 months commencing 14 July 2015 and on that basis the Company recognised an amount equal to \$1,083,333 million as current deferred revenue to be recognised in the second half of the 2016.

CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS
For the half-year ended 31 December 2015

9. Mine Costs	31 Dec 2015 \$'000	31 Dec 2014 \$'000
Mine administration costs	2,180	1,235
Which includes:		
Mining	16	159
Processing	1	341
Site administration	117	822
Depreciation	929	1,017
Change in provision estimate	540	(1,104)
Inventory impairment*	577	-
	<u>2,180</u>	<u>1,235</u>

*The Company entered into the Coyote Plant Agreement on 14 July 2014 and under the terms of the Agreement, ABM has the option to renew the Initial Lease Term for a further 12 months and/or exercise an option to purchase Coyote. As at the date of this report, ABM have not advised the Company of its future intentions however ABM have publically announced to the ASX that mining at their Old Pirate Gold Mine is scheduled to be completed by early April 2016. As a result, the Company recognised \$577,202 of impairment against the carrying value of its stores inventory located at Coyote to write the inventory value down to its net recoverable amount, refer to note 12.

10. Exploration and Evaluation	31 Dec 2015 \$'000	30 Jun 2015 \$'000
Acquired exploration and evaluation costs carried forward	15,539	20,719
Reconciliation of movement during the period		
Carrying amount at beginning of the period	20,719	20,719
Current period expenditure	397	1,239
Exploration expensed during the period	(397)	(1,239)
Carrying value representing (25%) CTP sold to NST*	(5,180)	-
	<u>15,539</u>	<u>20,719</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 7).

11. Available For Sale Financial Assets	31 Dec 2015 \$'000	30 Jun 2015 \$'000
Available for sale financial assets:		
Quoted equity shares	<u>6,367</u>	<u>-</u>

At 31 December 2015, the Company has a remaining investment of 2,290,228 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 in the unrealised gain/(loss) reserve in equity. The fair value movement in the asset during the period was a gain of \$1,562,415 (less the recognition of a \$468,725 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 \$468,725 DTA has been recognised with the associated tax benefit reflected in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS
For the half-year ended 31 December 2015
12. Inventories

	31 Dec 2015 \$'000	30 Jun 2015 \$'000
Inventories		
Raw materials and stores (net of impairment provision)*	179	852
Bullion	17	-
	<u>196</u>	<u>852</u>

*In accordance with its accounting policy, the Company has stated inventories at the lower of cost or net realisable value. An impairment loss of \$577,202 has been recognised against its Coyote stores inventory at 31 December 2015. The impairment loss was triggered by ABM publically announcing to the ASX that mining at their Old Pirate Gold Mine is scheduled to be completed by early April 2016 and the uncertainty as to whether ABM will renew the Initial Lease Term for a second year.

13. Property, Plant and Equipment

	31 Dec 2015 \$'000	30 Jun 2015 \$'000
Property, Plant & Equipment		
Property, plant & equipment (at cost net of depreciation and amortisation)	<u>3,486</u>	<u>4,784</u>
Reconciliation		
Carrying amount at beginning of the period	4,784	7,086
Additions*	-	45
Disposals**	(370)	(3,168)
Accumulated depreciation on disposals	-	2,768
Depreciation	(928)	(1,947)
Carrying amount at end of the period	<u>3,486</u>	<u>4,784</u>
*Additions for the period:		
Plant and equipment	<u>-</u>	<u>45</u>
	<u>-</u>	<u>45</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 7).

CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS
For the half-year ended 31 December 2015
14. Interest Bearing Liabilities

<i>Current</i>	Effective Interest Rate	Maturity	31 Dec 2015 \$'000	30 Jun 2015 \$'000
SHK Loan Facility	6%	31-Mar-16	-	11,231

On 7 July and 12 August 2015, the Company made voluntary prepayments totalling \$12.0 million (plus accrued interest and facility fees to that date) to fully repay its Loan Facility with Sun Hung Kai International Bank (Brunei) Limited. The Loan Facility expired on 30 September 2015.

The Company has a legally binding letter of support from AP Finance Limited for the continuation of its offer to provide an unsecured Loan Facility of approximately A\$12.0 million ("Loan Offer"). The Loan Offer repayment date has been extended to 31 March 2016 and the Company has not made any drawdowns (all terms and conditions are consistent with the original letter of support). The Company has decided that it is not necessary to renew the letter of support when it expires on 31 March, 2016.

15. Issued Capital

	31 Dec 2015 \$'000	30 Jun 2015 \$'000
Share Capital		
1,175,097,046 (2014: 1,175,097,046) ordinary shares, fully paid	<u>317,637</u>	<u>317,637</u>

16. Reserves

Available for sale asset reserve*	1,094	-
Share based payment reserve	<u>130</u>	<u>130</u>
	<u>1,224</u>	<u>130</u>

*This reserve is used to record the movement in the fair value of Available for Sale Financial Assets. At 31 December 2015, the Company has a remaining investment of 2,290,228 listed equity shares in NST which had a closing price of \$2.78 per share for a fair value gain of approximately \$0.68 cents per share. The fair value movement in the asset during the period was a gain of \$1,562,415 (less the recognition of a \$468,725 DTL).

CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS
For the half-year ended 31 December 2015
17. Segment Information

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

Information about reportable segments

<i>In thousands AUD</i>	Gold Production		Exploration		Total	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenues	12	30	-	-	12	30
Interest income	-	-	26	27	26	27
Depreciation	-	-	(928)	(1,008)	(928)	(1,008)
Reportable segment profit/(loss) before income tax	12	30	13,722	(2,299)	13,734	(2,269)
Reportable segment assets	17	-	21,283	31,495	21,300	31,495
Reportable segment liabilities	-	-	11,597	11,300	11,597	11,300

Reconciliation of reportable segment revenues, profit or loss, assets and liabilities and other material items	Consolidated	
	31 Dec	31 Dec
	2015	2014
	\$'000	\$'000
	12	30
	12	30

Revenue and other income

Total revenue and other income for reportable segments	12	30
Consolidated revenue and other income	12	30

Profit or loss

Total profit/(loss) for reportable segments	13,734	(2,269)
Other income	1,063	871
Unallocated amounts: other expenses	(850)	(1,279)
Consolidated profit/(loss) before income tax	13,947	(2,677)

Assets

Total assets for reportable segments	21,300	31,495
Other unallocated amounts	12,437	1,901
Consolidated total assets	33,737	33,396

Liabilities

Total liabilities for reportable segments	11,597	11,300
Other unallocated amounts	-	11,063
Consolidated total liabilities	11,597	22,363

CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the half-year ended 31 December 2015

18. Contingent Liability

On 10 March 2015, the Company received a letter from the solicitors for Metals X Limited (“MLX”) in respect to the MLX Heads of Agreement (“MLX HoA”) and Northern Star Resources Limited Heads of Agreement (“NST HoA”). MLX have made various allegations, including the allegations that:

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

The Company’s board notes that the NST proposal was unsolicited and specifically disputes MLX’s allegations and specifically disputes that it has ever recommended to the Company’s shareholders that they vote in favour of the NST deal and against the MLX deal.

At the general meeting of the Company held on 13 April 2015, the shareholders did not approve the Farm-out and Joint Venture arrangements contemplated by the MLX HoA and approved the Farm-out and Joint Venture arrangement contemplated by the NST HoA.

On 13 April 2015, the Company commenced legal proceedings in the Supreme Court of Western Australia against MLX for relief in the form of a declaration that as a result of the vote at the general meeting on 13 April 2015, the condition of the MLX HoA in relation to shareholder approval required by the Company has not been satisfied.

On 6 May 2015 the Company filed an Amended Writ of Summons and its Statement of Claim seeking a declaration that the MLX HoA has terminated.

On 29 May 2015 MLX filed its Defence and Counterclaim alleging that MLX has suffered loss and damages.

On 25 November 2015, the Company and MLX attended a Mediation Conference which failed to resolve the matter.

The Company’s Board denies the legal and factual basis of MLX’s claims and the matter will now proceed to be dealt with in The Supreme Court of Western Australia. As a result, the Company estimates it may incur legal fees of at least \$500,000 up to 30 June 2016.

The litigation is currently not affecting the operation of the NST Joint Venture.

19. Subsequent Events

During the period 20 January 2016 to 10 February 2016, the Company sold a further 790,228 NST shares at a weighted average price of \$3.36 per share receiving approximately \$2.65 million (net of transaction costs).

DIRECTORS' DECLARATION
For the half-year ended 31 December 2015

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

1. In the opinion of the Directors:

- a) The financial statements and notes of Tanami Gold NL for the half year ended 31 December 2015 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of its financial position as at 31 December 2015 and performance;
 - (ii) complying with Accounting Standards AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.
- 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.

On behalf of the board



Gerard McMahon
Non-Executive Chairman
Perth, Western Australia
14 March 2016



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

We have reviewed the accompanying interim financial report of Tanami Gold NL, which comprises the condensed consolidated statement of financial position as at 31 December 2015, condensed consolidated interim statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the interim period ended on that date, notes 1 to 19 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the interim period.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2015 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 2015 and of its performance for the interim period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG.

KPMG

R Gambitta
Partner

Perth

14 March 2016