



**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 2017**

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DIRECTORS' REPORT

For the half-year ended 31 December 2017

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 2017 ("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 loss for the half-year from continuing operations of \$0.494 million (HY 2016: loss \$0.532 million) and a total net profit for the half-year of \$11.807 million (HY 2016: \$2.127 million loss)

As at 31 December 2017, the Company held cash and cash equivalents of \$7.250 million (FY 2017: \$4.573 million) and in addition held 750,000 Northern Star Resources Limited shares at \$6.10 per share (equating to \$4.575 million at 31 December 2017).

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 centre is situated in the Tanami Desert in the Northern Territory.

4. Corporate and Financial Overview

Joint Venture with Northern Star Resources Limited

As previously announced, the Company and Northern Star Resources Limited ("NST") have formed an unincorporated joint venture ("JV") to advance the Company's CTP.

In accordance with the JV, management of the exploration activities at the Company's CTP have been handed over to NST who will sole fund all JV expenditure including all CTP exploration and evaluation costs, assessment and development costs, mining of the JV tenements and refurbishing the CTP process plant and associated infrastructure, during the Sole Funding Period.

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%).

NST Shares

At 31 December 2017, the Company had 750,000 shares in NST remaining.

DIRECTORS' REPORT

For the half-year ended 31 December 2017

Sale of Western Tanami Project

On 3 October 2017, the Company announced it had entered into a binding Sale and Purchase Agreement (“SPA”) with Northern Star (Tanami Gold) Pty Ltd (“NSTG”), a wholly owned subsidiary of NST, in relation to the divestment of the Company’s 100% interest in the Western Tanami Project for A\$4.0 million in cash.

On 28 November 2017, the Company announced completion of this transaction, following shareholder approval at the Annual General Meeting held on that date.

Included in the Statement of Profit and Loss is a profit on sale of \$12.301m.

5. Exploration Activities Overview

Central Tanami Project (75% Tanami)

In accordance with the JV which commenced on 3 August 2015, management of the exploration activities at the Company’s CTP was assumed by NST who will sole fund all JV expenditure including CTP exploration and evaluation costs. The Company has continued to provide input into exploration targeting although NST, as Manager of JV activities, has responsibility to plan and implement ongoing exploration activities and ensure annual exploration commitments are met.

Work completed by NST during the half-year consisted of:

- Structural synthesis of the CTP based on open pit and regional mapping data completed;
- Geological mapping and sampling continued over the Black Hills and the CTO South area, covering Jim’s, Camelbore, Galifrey and Kuwait areas, with field reconnaissance undertaken at the Suplejack, Crusade, Supernova and Kookaburra East prospects;
- Regional aircore drilling commenced at the Cave Hill project area;
- Anomalous rock chip sampling results (up to 158ppb Au) returned from a >300m long zone of hydrothermal breccia identified southeast of Jim’s;
- Additional mapping and sampling carried out;
- Unconstrained inversion of airborne magnetic data over the southern CTP region has confirmed correlation of Jim’s and Tanami Mine Corridor stratigraphy;
- Regolith mapping of the CTP mine corridor;
- Aircore drill design for the CTP South area;
- Additional magnetic and gravity data inversions in the CTP South and Central Mine Corridor areas;
- Crusade and Carbine internal resource estimations completed; and
- Additional mapping and sampling carried out.

6. Business Strategies and Prospects

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

7. Subsequent Events

On 5 February 2018, the Company was advised that Allied Properties Resources Limited entered into a conditional agreement to transfer of its shares held in the Company to APAC Resources Mining Limited (“APAC”), being 447,612,786 shares which represent voting power of 38.09% (based on 1,175,097,046 shares on issue).

APAC is an indirect wholly owned subsidiary of APAC Resources Limited, which is an established natural resources investment and commodities business listed on the Stock Exchange of Hong Kong. Allied Properties Resources Limited is a member of the Allied Group. The Allied Group owns 33.93% of APAC Resources Limited.

DIRECTORS' REPORT
For the half-year ended 31 December 2017

The proposed transfer is conditional on:

- the approval of the Company's independent shareholders
- the approval by independent shareholders of APAC Resources Limited; and
- approval for the purposes of the Foreign Acquisitions and Takeovers Act 1975 (Cth) (if necessary).

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 2001 is included on the following page and forms part of the Directors' report for the half-year ended 31 December 2017.

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 2016/191. The Company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the Directors:



Gerard McMahon
Non-Executive Chairman
Perth, Western Australia
16 March 2018



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 2017 there have been:

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

KPMG.

KPMG

R Gambitta
Partner
Perth
16 March 2018

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
For the half-year ended 31 December 2017

Note	31-Dec-17 \$'000	31-Dec-16* \$'000
Continuing operations		
Other income	45	63
Profit on sale of assets	-	841
Care and maintenance costs (incl depreciation and amortisation)	-	(231)
Exploration and evaluation expenses	-	(20)
Corporate and other expenses	(898)	(740)
Results from operating activities	(853)	(87)
Financial income	55	79
Financial expenses	-	(14)
Loss before income tax	(798)	(22)
Deferred Income tax benefit/(expense)	304	(510)
Loss from continuing operations after tax	(494)	(532)
Loss for the half-year after tax	(494)	(532)
Discontinued operations		
Profit/(loss) from discontinued operations	6 12,301	(1,595)
Profit/(loss) for the half-year after tax	11,807	(2,127)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Net gain/(loss) on financial assets classified as available for sale (net of tax)	709	(1,191)
Other comprehensive gain/(loss) for the year (net of income tax)	709	(1,191)
Total comprehensive profit/(loss) for the year attributable to owners of the Company	12,516	(3,318)
Earnings per share from continuing operations		
Basic profit/(loss) per share (cents per share)	(0.042)	(0.045)
Diluted profit/(loss) per share (cents per share)	(0.042)	(0.045)
Earnings per share from total operations		
Basic profit/(loss) per share (cents per share)	1.005	(0.200)
Diluted profit/(loss) per share (cents per share)	1.005	(0.200)

*Comparative figures have been restated to exclude the effect of the discontinued operation. Refer to Note 6 for details.

The condensed consolidated interim statement of profit or loss and other 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 2017

	Note	31-Dec-17 \$'000	30-Jun-17 \$'000
Assets			
Current assets			
Cash and cash equivalents		7,250	4,573
Other receivables		59	54
Inventories		128	251
Available for sale financial assets	7	4,575	3,563
Total current assets		<u>12,012</u>	<u>8,441</u>
Non-current assets			
Other receivables		2,513	2,513
Property, plant and equipment		206	1,494
Acquired exploration and evaluation		15,539	15,539
Total non-current assets		<u>18,258</u>	<u>19,546</u>
Total assets		<u>30,270</u>	<u>27,987</u>
Liabilities			
Current liabilities			
Trade and other payables		65	252
Provisions		-	34
Total current liabilities		<u>65</u>	<u>286</u>
Non-current liabilities			
Provisions	8	1,327	11,339
Total non-current liabilities		<u>1,327</u>	<u>11,339</u>
Total liabilities		<u>1,392</u>	<u>11,625</u>
Net assets		<u>28,878</u>	<u>16,362</u>
Equity			
Issued capital	9	317,637	317,637
Accumulated losses		(290,860)	(302,667)
Reserves		2,101	1,392
Total equity attributable to equity holders of the Company		<u>28,878</u>	<u>16,362</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 2017

	Issued Capital	Accumulated Losses	Share Based Payment Reserve	Available For Sale Fair Value Reserve	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2016	317,637	(298,099)	130	1,990	21,658
Loss for the period	-	(2,127)	-	-	(2,127)
Net change in fair value of available for sale financial assets	-	-	-	(1,191)	(1,191)
Total comprehensive profit for the period	-	(2,127)	-	(1,191)	(3,318)
Transactions with Owners in their Capacity as Owners:					
Derecognition of share based payments	-	130	(130)	-	-
Balance at 31 December 2016	317,637	(300,096)	-	799	18,340
Balance at 1 July 2017	317,637	(302,667)	-	1,392	16,362
Profit for the period	-	11,807	-	-	11,807
Net change in fair value of available for sale financial assets	-	-	-	709	709
Total comprehensive loss for the period	-	11,807	-	709	12,516
Transactions with Owners in their Capacity as Owners:					
Shares issued (net of costs)	-	-	-	-	-
Balance at 31 December 2017	317,637	(290,860)	-	2,101	28,878

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 2017

	Note	31-Dec-17 \$'000	31-Dec-16 \$'000
Cash flows from operating activities			
Cash receipts from ABM lease		-	136
Cash payments in the course of operations		(1,179)	(1,434)
Interest received		60	81
Payments for exploration and evaluation		(302)	(680)
Cash payment for litigation settlement		-	(3,000)
<i>Net cash used by operating activities</i>		<u>(1,421)</u>	<u>(4,897)</u>
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		53	-
Proceeds from sale of financial assets		-	1,375
Proceeds from sale of subsidiary	6	4,000	-
Dividends received		45	53
<i>Net cash from investing activities</i>		<u>4,098</u>	<u>1,428</u>
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
<i>Net cash (used)/provided from financing activities</i>		<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents held		2,677	(3,469)
Cash and cash equivalents at beginning of the half-year		4,573	9,180
Cash and cash equivalents at the end of the half-year		<u>7,250</u>	<u>5,711</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 2017

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 2017 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 2017 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 2017.

These condensed consolidated interim financial statements were approved by the Board of Directors on 16 March 2018.

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 2017.

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 2017.

5. 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 2017
6. Revenue and Expenses
Profit on sale of Tanami Exploration NL

On 3 October 2017, the Company announced it had entered into a binding Sale and Purchase Agreement (“SPA”) with NSTG, a wholly owned subsidiary of Northern Star Resources Limited, in relation to the proposed divestment of the Company’s 100% interest in Tanami Exploration NL (“TENL”), owner of the Western Tanami Project, for A\$4.0 million in cash.

On 28 November 2017, the Company announced completion of this transaction, following shareholder approval at the Annual General Meeting held on that date.

A reconciliation of the transaction is below:

	31-Dec-17	31-Dec-16
	\$'000	\$'000
Results of discontinued operation		
Revenue	5	-
Other income	71	75
Exploration and evaluation expenses	(280)	(671)
Care and maintenance costs (incl depreciation and amortisation)	(514)	(945)
Net finance expenses	-	(54)
Results from operating activities, net of tax	(718)	(1,595)
Gain on sale of subsidiary	13,019	-
Profit/(loss) on discontinued operations, net of tax	12,301	(1,595)
Basic earnings/(loss) per share (cents per share)	(0.061)	(0.186)
Diluted earnings/(loss) per share (cents per share)	(0.061)	(0.186)
Cash flows from/(used in) discontinued operations		
Net cash flows from/(used in) operating activities	(765)	(1,029)
Net cash flows from/(used in) investing activities	53	-
Net cash flows from/(used in) financing activities	1,084	1,742
Net cash flow for the period	372	713

At 30 June 2017, the Company had \$66.825 million in unrecognised deferred tax assets. As a result of the sale of the shares of TENL the company expects to realise a capital loss for tax purposes. The calculation of the tax loss will be finalised as part of the 30 June 2018 tax return.

CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS
For the half-year ended 31 December 2017
7. Available for Sale Financial Assets

At 31 December 2017, the Group has a remaining investment of 750,000 listed equity shares in NST. Subsequent to initial recognition, these shares are measured at fair value being the published price quotation in an active market. Changes therein are recognised in Other Comprehensive Income (unless it represents impairment) and presented in the unrealised gain/(loss) reserve in equity.

8. Provision for Rehabilitation

On 3 October 2017, the Company announced it had entered into a binding Sale and Purchase Agreement (“SPA”) with NSTG, a wholly owned subsidiary of Northern Star Resources Limited, in relation to the proposed divestment of the Company’s 100% interest in Tanami Exploration NL (“TENL”), owner of the Western Tanami Project, for A\$4.0 million in cash.

Included in the SPA is the requirement for NSTG to undertake any rehabilitation obligations remaining at the Western Tanami Project. This has the effect of reducing the Group’s provision for rehabilitation to \$1.327 million. This remaining provision for rehabilitation relates to the Group’s Central Tanami Project.

9. Issued Capital

At 31 December 2017, the Company had 1,175,097,046 (2016: 1,175,097,046) fully paid ordinary shares on issue for a total value of \$317.637 million (2016: \$317.637 million).

10. Segment Information

The Consolidated Entity operates predominantly in the gold exploration industry.

	Exploration		Total	
	31-Dec-17	31-Dec-16*	31-Dec-17	31-Dec-16*
	\$'000	\$'000	\$'000	\$'000
Revenues	-	-	-	-
Depreciation and amortisation	-	(230)	-	(230)
Reportable segment profit/(loss) before income tax	-	580	-	580

	Exploration		Total	
	31-Dec-17	30-Jun-17	31-Dec-17	30-Jun-17
	\$'000	\$'000	\$'000	\$'000
Reportable segment assets	18,445	19,851	18,445	19,851
Reportable segment liabilities	1,392	11,591	1,392	11,591

*Comparative figures have been restated to exclude the effect of the discontinued operations. Refer to Note 6 for details.

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

	31-Dec-17	31-Dec-16*
	\$'000	\$'000
Revenue and other income		
Total revenue and other income for reportable segments	-	-
Consolidated revenue and other income	-	-
Profit or loss		
Total profit for reportable segments	-	580
Other income	45	138
Unallocated amounts: other corporate expenses	(843)	(740)
Profit/(loss) before income tax	(798)	(22)

CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS
For the half-year ended 31 December 2017

10. Segment Information (Continued)

*Comparative figures have been restated to exclude the effect of the discontinued operations. Refer to Note 6 for details.

Reconciliation of reportable segment assets and liabilities

	31-Dec-17 \$'000	30-Jun-17 \$'000
Assets		
Total assets for reportable segments	18,445	19,851
Other unallocated amounts	11,825	8,136
Consolidated total assets	30,270	27,987
Liabilities		
Total liabilities for reportable segments	1,392	11,591
Other unallocated amounts	-	34
Consolidated total liabilities	1,392	11,625

The CTP segment does not include any change in asset or liability values as a result of NST's activities during the Sole Funding Period at the CTP. In accordance with the CTP Heads of Agreement, a JV will be formed following achievement of certain milestones, including commercial development.

11. Subsequent Events

On 5 February 2018, the Company was advised that Allied Properties Resources Limited entered into a conditional agreement to transfer of its shares held in the Company to APAC Resources Mining Limited ("APAC"), being 447,612,786 shares which represent voting power of 38.09% (based on 1,175,097,046 shares on issue).

APAC is an indirect wholly owned subsidiary of APAC Resources Limited, which is an established natural resources investment and commodities business listed on the Hong Kong Stock Exchange. Allied Properties Resources Limited is a member of the Allied Group. The Allied Group owns 33.93% of APAC Resources Limited.

The proposed transfer is conditional on:

- the approval of the Company's independent shareholders;
- the approval by independent shareholders of APAC Resources Limited; and
- approval for the purposes of the Foreign Acquisitions and Takeovers Act 1975 (Cth) (if necessary).

DIRECTORS' DECLARATION
For the half-year ended 31 December 2017

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 2017 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of its financial position as at 31 December 2017 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
16 March 2018



Independent Auditor's Review Report

To the shareholders of Tanami Gold NL

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying **Interim Financial Report** of Tanami Gold NL.

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:

- giving a true and fair view of the **Group's** financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Condensed consolidated statement of financial position as at 31 December 2017
- Condensed consolidated 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 half-year ended on that date
- Notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises Tanami Gold NL (the Company) and the entities it controlled at the half-year's end or from time to time during the half year.

Responsibilities of the Directors 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*
- 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 for the review of the Interim Financial Report

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 2018 and its performance for the half-year 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 a half-year 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.

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

A handwritten version of the KPMG logo in blue ink.

KPMG

A handwritten signature in blue ink, appearing to be 'R. Gambitta'.

R Gambitta
Partner
Perth
16 March 2018