



**ABN 51 000 617 176**

**2019 ANNUAL REPORT**

---

MINERAL RESOURCES.....	3
DIRECTORS' REPORT.....	5
LEAD AUDITOR'S INDEPENDENCE STATEMENT.....	13
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	14
CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	15
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	16
CONSOLIDATED STATEMENT OF CASH FLOWS.....	17
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.....	18
DIRECTORS' DECLARATION.....	31
INDEPENDENT AUDITOR'S REPORT.....	32
CORPORATE GOVERNANCE STATEMENT.....	35
SHAREHOLDER AND ADDITIONAL INFORMATION.....	36
SCHEDULE OF MINERAL TENEMENTS.....	37

**Table 1: Tanami Gold NL Mineral Resources as at 30 June 2019 (60% Tanami<sup>9</sup>)**

Project	Resource Category											
	Measured			Indicated			Inferred			Total		
	Tonnes	Grade g/t Au	Ounces	Tonnes	Grade g/t Au	Ounces	Tonnes	Grade g/t Au	Ounces	Tonnes	Grade g/t Au	Ounces
<b>CTP<sup>9</sup></b>	6,255,000	2.9	579,000	11,075,000	2.8	1,001,000	12,106,000	2.9	1,133,000	29,436,000	2.9	2,714,000
<b>CTP Stockpile<sup>9</sup></b>	1,400,000	0.7	31,000	-	-	-	-	-	-	1,400,000	0.7	31,000
<b>Total</b>	<b>7,655,000</b>	<b>2.5</b>	<b>610,000</b>	<b>11,075,000</b>	<b>2.8</b>	<b>1,001,000</b>	<b>12,106,000</b>	<b>2.9</b>	<b>1,133,000</b>	<b>30,836,000</b>	<b>2.8</b>	<b>2,745,000</b>

**Notes to accompany Table 1**

- CTP is Central Tanami Project.
- Resource estimations completed using MineMap, Vulcan, Surpac, Datamine and Micromine software packages comprising a combination of ellipsoidal inverse distance and ordinary kriging grade interpolation methods.
- Variable gold assay top cuts were applied based on geostatistical parameters and historical production reconciliation.
- Resources reported above relevant cut-offs based on economic extractions, varying between 0.7g/t Au and 5.0g/t Au block model grade.
- Stockpile figures from previously reported Otter Gold Mines NL 2001 Mineral Resource estimate less recorded treatment by Newmont Asia Pacific.
- Tonnes and ounces rounded to the nearest thousand and grade rounded to 0.1g/t Au. Rounding may affect tallies.
- The information in this report pertaining to Mineral Resources was compiled by Mr Bill Makar (MAusIMM), former Consultant Geologist – Tanami Gold NL, Mr Michael Thomson (MAusIMM), former Principal Geologist for Tanami Gold NL, Mr Steven Nicholls (MAIG), former Senior Geologist for Tanami Gold NL, Mrs Claire Hillyard (MAusIMM), former Resource Geologist for Tanami Gold NL, Mr Mark Drabble (MAusIMM) – Principal Consultant Geologist, Optiro Pty Ltd and Mr Peter Ball (MAusIMM), Director of Datageo Geological Consultants, and Mr Brook Ekers, a Competent Person who is a Member of the Australian Institute of Geoscientists and a full-time employee of Northern Star Resources Limited. Mr Makar, Mr Thomson, Mr Nicholls, Mrs Hillyard, Mr Drabble, Mr Ball and Mr Ekers have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as Competent Persons as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Makar, Mr Thomson, Mr Nicholls, Mrs Hillyard, Mr Drabble, Mr Ball and Mr Ekers consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.
- On 4th of August 2015, an unincorporated joint venture (“JV”) was formed between the Company and Northern Star Resources Limited who purchased an initial 25% interest in the Company’s CTP. On 14 September 2018, the Company had exercised the first put option available to it under the JV to sell a further 15% in the CTP. As at 30 June 2019, the Company retains a 60% interest in the CTP Resources stated in this table.

**Table 2: Central Tanami Project Mineral Resources as at 30 June 2019 (60% Tanami)**

Mineral Lease	Resource Category											
	Measured			Indicated			Inferred			Total		
	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces
<b>MLS153<sup>8</sup></b>	1,051,000	2.2	73,000	3,046,000	2.2	217,000	849,000	2.7	74,000	4,946,000	2.3	365,000
<b>MLS167<sup>8</sup></b>	2,709,000	3.4	293,000	2,613,000	2.9	244,000	2,050,000	2.9	191,000	7,372,000	3.1	728,000
<b>MLS168<sup>8</sup></b>	854,000	2.2	60,000	314,000	1.6	16,000	1,094,000	1.6	58,000	2,262,000	1.8	133,000
<b>MLS180<sup>8</sup></b>	545,000	3.3	57,000	872,000	2.7	76,000	269,000	2	18,000	1,685,000	2.8	151,000
<b>MLSA172<sup>8</sup></b>	1,096,000	2.7	96,000	176,000	1.8	10,000	142,000	2.7	12,000	1,415,000	2.6	119,000
<b>ML22934 – Groundrush<sup>9</sup></b>	-	-	-	4,054,000	3.4	438,000	6,602,000	3.3	691,000	10,656,000	3.3	1,129,000
<b>ML22934 – Ripcord<sup>8</sup></b>	-	-	-	-	-	-	1,100,000	2.5	89,000	1,100,000	2.5	89,000
<b>Sub Total</b>	6,255,000	2.9	579,000	11,075,000	2.8	1,001,000	12,106,000	2.9	1,133,000	29,436,000	2.9	2,714,000
<b>Stockpiles<sup>9</sup></b>	1,400,000	0.7	31,000	-	-	-	-	-	-	1,400,000	0.7	31,000
<b>Total</b>	<b>7,655,000</b>	<b>2.5</b>	<b>610,000</b>	<b>11,075,000</b>	<b>2.8</b>	<b>1,001,000</b>	<b>12,106,000</b>	<b>2.9</b>	<b>1,133,000</b>	<b>30,836,000</b>	<b>2.8</b>	<b>2,745,000</b>

**Notes to accompany Table 2**

9. Resource estimations completed using MineMap, Vulcan and Micromine software packages comprising a combination of ellipsoidal inverse distance and ordinary kriging grade interpolation methods.
10. Grade estimation was constrained to material within >0.7g/t mineralisation outlines.
11. Variable gold assay top cuts were applied based on geostatistical parameters and historical production reconciliation.
12. Resources reported above 0.7g/t block model grade.
13. Resources reported above 1.0g/t block model grade.
14. Stockpile figures from previously reported Otter Gold Mines NL 2001 Mineral Resource estimate less recorded treatment by Newmont Asia Pacific.
15. Tonnes and ounces rounded to the nearest thousand and grade rounded to 0.1g/t. Rounding may affect tallies.
16. The information in this report pertaining to Mineral Resources for the Central Tanami Project (excluding ML22934 Groundrush) was compiled by Mr Bill Makar (MAusIMM), former Consultant Geologist – Tanami Gold NL, Mr Michael Thomson (MAusIMM), former Principal Geologist for Tanami Gold NL, Mr Steven Nicholls (MAIG), former Senior Geologist for Tanami Gold NL, Mrs Claire Hillyard (MAusIMM), former Resource Geologist for Tanami Gold NL and Mr Peter Ball (MAusIMM), Director of Datageo Geological Consultants. Mr Makar, Mr Thomson, Mr Nicholls, Mrs Hillyard and Mr Ball have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as Competent Persons as defined in the December 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Makar, Mr Nicholls, Mrs Hillyard and Mr Ball consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.
17. ML22934 Resource consists of two Resources - Groundrush Deposit (10.7million tonnes at 3.3g/t for 1,129,000 ounces of gold) and the Ripcord Deposit (1.1 Million tonnes at 2.5g/t for 89,000oz). The information in this report pertaining to Mineral Resources for ML22934 Groundrush was compiled by Mr Brook Ekers, a Competent Person who is a Member of the Australian Institute of Geoscientists and a full-time employee of Northern Star Resources Limited. Mr Ekers has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as Competent Persons as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Ekers consents to the inclusion in the public report of the matters based on this information in the form and context in which it appears.

**Estimation Governance Statement**

The Company ensures that all Mineral Resource calculations are subject to appropriate levels of governance and internal controls.

Exploration results are collected and managed by an independent competent qualified geologist. All data collection activities are conducted to industry standards based on a framework of quality assurance and quality control protocols covering all aspects of sample collection, topographical and geophysical surveys, drilling, sample preparation, physical and chemical analysis and data and sample management.

Mineral Resource estimates are prepared by qualified independent Competent Persons. If there is a material change in the estimate of a Mineral Resource, the estimate and supporting documentation in question is reviewed by a suitable qualified independent Competent Persons.

The Company reports its Mineral Resources on an annual basis in accordance with JORC Code 2004 and 2012.

**Competent Person's Statement**

The information in this report that relates to all Mineral Resources (other than ML22934 Groundrush) is based on information compiled by consultant geologist Mr Michael Thomson of MiGeo Enterprise Pty Ltd. Mr Thomson is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the December 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Thomson consents to the inclusion in this report of the matters based on his information in the form and context in which they appear. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The information in this report that relates to the Mineral Resource for ML22934 Groundrush is based on information compiled Mr Brook Ekers, a Competent Person who is a full-time employee of Northern Star Resources Limited. Mr Ekers is a member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Ekers consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.

The Directors present their report together with the consolidated financial report of the Consolidated Entity, being the Company and its subsidiaries for the year ended 30 June 2019 and the auditor's report thereon.

## 1. Directors

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

**Non-Executive Chairman** – Arthur G Dew, B.A., L.L.B. (appointed 2 December 2011 as a Non-Executive Director and Non-Executive Chairman as of 27 November 2018)

Mr Arthur G Dew graduated from the Law School of the University of Sydney, Australia, and was admitted as a Solicitor and later as a Barrister of the Supreme Court of New South Wales, Australia. Mr Dew is a non-practicing Barrister with a broad range of corporate and business experience and has served as a Director, and in some instances Chairman of the Board of Directors, of a number of publicly listed companies in Australia, Hong Kong and elsewhere. He is Chairman and Non-Executive Director of Hong Kong listed companies Allied Group Limited (Stock Code: 373), Allied Properties (H.K) Limited (Stock Code: 56), APAC Resources Limited (Stock Code: 1104), Dragon Mining Limited (Stock Code: 1712) and is a Non-Executive Director of Hong Kong listed company SHK Hong Kong Industries Limited (Stock Code: 666). He is also Non-Executive Director of ASX listed company Tian An Australia Limited (previously known as PBD Developments Limited) (ASX: TIA).

**Non-Executive Director** – Gerard J McMahon (resigned as Non-Executive Chairman as of 27 November 2018 and appointed 23 April 2013 as a Non-Executive Director)

Mr Gerard McMahon is admitted as a Barrister in Hong Kong and New South Wales and has been living and working in Hong Kong for over 35 years. He is a Non-Executive Director of Hong Kong listed Guangnan (Holdings) Limited (appointed 2000). Mr McMahon is also a consultant to ZZCI Corporate Finance Limited, a Hong Kong based corporate finance and advisory firm which he co-founded (formerly known as Asian Capital (Corporate Finance) Limited). Over the past 30 years, Mr McMahon has been a Director of other listed companies in the Asia Pacific region which are involved in the banking, manufacturing, retailing, information technology, medical, telecoms & mining industries. Mr McMahon's past experience includes extensive involvement in Hong Kong's Securities and Futures Commission as Chief Counsel, Member and Executive Director and is specialised in Hong Kong company law, securities and banking law and takeovers and mergers regulations.

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

**Non-Executive Director** – Carlisle C Procter, B.Ec, M.Ec, FFin, (appointed 9 December 2011)

Mr Carlisle Procter graduated from the University of Sydney with a Bachelor's Degree and a Master's Degree in Economics. He is a fellow of the Financial Services Institute of Australasia (FFin.). Based in Australia, Mr Procter worked in the Reserve Bank of Australia for over 30 years, holding various senior management positions. Since leaving the Reserve Bank, he has worked as a consultant to the International Monetary Fund and the Asian Development Bank and has also undertaken private consulting work in South East Asia and the Pacific. Mr Procter has been a Non-Executive Director of a number of public companies. He is currently a Non-Executive Director of Hong Kong listed company Dragon Mining Limited (Stock Code: 1712).

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

**Non-Executive Director** – Brett Montgomery (appointed 6 February 2013)

Mr Brett Montgomery has extensive experience in the management of publicly listed mining companies having previously been the Managing Director of Kalimantan Gold NL, a Director of Grants Patch Mining Limited and Chairman and Joint Managing Director of Eurogold Limited. Mr Montgomery was appointed Non-Executive Director of AIC Resources Limited on 11 February 2019. He was appointed a Non-Executive Director of Magnum Gas and Power Limited on 9 October 2008 (resigned 19 August 2016) and Non-Executive Director of EZA Corporation Ltd on 19 November 2014 (resigned 18 January 2016) and Non-Executive Director of Bard1 Life Sciences Limited (formerly Eurogold Limited) on 17 November 2014 (resigned on 17 June 2019).

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

**Non-Executive Director** – Brett Smith (appointed 27 November 2018)

Mr Brett Smith graduated from Melbourne University, Australia with a Bachelor's Degree in Chemical Engineering with Honours. He has also obtained a Master's Degree in Business Administration from Henley Management College, the United Kingdom and a Master's Degree in Research Methodology from Macquarie University, Australia. Mr Smith has participated in the development of a number of mining and mineral processing projects including coal, iron ore, base and precious metals. He has also managed engineering and construction companies in Australia and internationally. Mr Smith has served on the board of private mining and exploration companies and has over 32 years international experience in the engineering, construction and mineral processing businesses. Mr Smith is Executive Director of Hong Kong listed company Dragon Mining Limited (Stock Code: 1712), Executive Director and Deputy Chairman of Hong Kong listed company APAC Resources Limited (Stock Code: 1104) and a Non-Executive Director of ASX listed company Prodigy Gold NL (formerly known as ABM Resources NL) (ASX: PRX).

## 2. Company Secretary

**Pauline Collinson** was appointed Company Secretary on 18 July 2013 and has over 25 years' experience in the mining industry.

### 3. Directors' Meetings

Directors	Boarding Meetings		Audit Committee Meetings		Remuneration and Nomination Committee Meetings	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Mr A Dew	3	3	2	1	-	-
Mr G McMahon	3	3	2	2	-	-
Mr C Procter	3	3	2	2	-	-
Mr B Montgomery	3	3	2	2	-	-
Mr B Smith	1	1	1	-	-	-
Mr M Wong*	3	-	2	-	-	-

\*Mr M Wong is alternate director to Mr A Dew.

### 4. Nature of Operations and Principal Activities

The Company is a no liability company and is domiciled and incorporated in Australia. The principal activity of the Consolidated Entity during the course of the financial year related to its involvement in the joint venture with Northern Star Resources. The Company's exploration centre is situated in the Tanami Desert in the Northern Territory.

### 5. Operating and Financial Review

#### 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 Central Tanami Project ("CTP").

In accordance with the JV, management of the exploration activities at the Company's CTP have been handed over to NST which 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 when NST achieve Commercial Production, defined as the date 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.

NST has agreed to use best endeavours to achieve Commercial Production on the terms set out in the Heads of Agreement ("HoA"), including within three years of completion of the HoA. To date NST has not achieved commercial production. Given the Sole Funding Period has yet to expire, the Company is not currently required to contribute any funds towards the CTP or JV activities.

The Company remains focused on the exploration, assessment and long-term development of the CTP and is currently in discussions with NST regarding achieving the objectives of the HoA.

NST has confirmed the CTP economic evaluation remains ongoing, and that in its ten year production profile the CTP remains a potential organic growth option for 2020/2021, assuming conversion of existing and any additional Mineral Resources to Ore Reserves to sustain economic parameters for refurbishment of the CTP plant.

The Company previously announced that it had exercised the first put option available to it under the JV which was settled on 14 September 2018, resulting in the sale of a further 15% undivided interest in the CTP for \$20 million in cash. The respective interests in the CTP of the Company and NST at the date of this report are 60% and 40%.

#### Sale of NST Shares

At 30 June 2019, the Company had 500,000 (2018: 500,000) shares in NST remaining.

#### Central Tanami Exploration (60% 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 which 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.

#### Heritage and Environment

During the year, NST engaged with the Central Land Council (CLC) for the purpose of sacred site clearances for tenements the subject of exploration drilling. The annual liaison committee meeting with the CLC and relevant committee members was held in July. Communication with CLC is ongoing. Rehabilitation of completed drill sites and access tracks is ongoing.

### ***Tenement Management***

All due annual technical and expenditure reports for tenements have been lodged. Variations to the CTP mine management plan to include the 2019 work program was approved in February 2019. The Tanami regional exploration map was approved in January 2019.

### ***Exploration Activity***

As advised by NST, exploration during the year consisted of geophysics, geochemistry, and drilling. Because of the extreme weather conditions, drilling is only possible from March through to September so work programs are put in place to coincide with that.

#### *Geophysics and Geochemistry*

A ground-based gravity survey was completed by consultants Atlas Geophysics in March/April 2019 over the Groundrush Domain. Gravity data will assist in constraining both structural and stratigraphic interpretations at Transect, Groundrush South, Sky-surf and Ripcord.

Also, a review of the airborne electromagnetic data over the Groundrush deposit was undertaken to determine its usability. A geological review of the Groundrush Domain including geochemical analysis, mapping and structure-geological interpretation, identified five areas of interest, Sky-surf, Base Jump, Drop Zone, Jing Shan and Tandem.

#### *Drilling*

Progress with NST's drilling program has been announced regularly in the Company's quarterly reports. During the first quarter 2019, results from the previous year's drilling program over Hurricane-Repulse, Free Fall, Jim's, Jim's Return and Solaris were processed and reported. Results highlighted potential resource extensions at Hurricane-Repulse and Jim's.

Drilling recommenced in March 2019 at Solaris, Groundrush West, Drop Zone, Free Fall and Farrand Hills where a total of 18,700m aircore drilling has taken place. Results from these programs are pending.

Drilling is planned to continue through the September 2019 Quarter.

### **Financial Overview**

The Consolidated Entity generated a total comprehensive income for the financial year ended 30 June 2019 of \$18.718 million (2018: income \$12.826 million). Of particular note during the financial year was the \$16.874 million profit on sale of an additional 15% interest in the CTP to Northern Star.

### **Business Strategies and Prospects**

As the Company holds a 60% interest in the CTP JV, the Board monitors and provides assistance to the JV Manager NST whilst it is earning its further interest (see CTP Exploration above).

### **Risks**

Whilst the Board believes the CTP is likely to be returned to commercial production under the NST HoA, there are risks and uncertainties. These include, but are not limited to, the gold price and a risk that the CTP exploration programme being undertaken by NST does not produce a commercial outcome.

Environmental risks are noted in Section 6 below and financial risks are set out in Note 15 of the financial statements.

### **Community Relations**

The Company recognises the importance of establishing relationships with the Traditional Owners that are based on trust and mutual advantage and of are respectful of the needs and concerns of the communities located within the regions in which it operates. The Company has agreements in place with the Traditional Owners through the Central Land Council ("CLC") and is committed to building strong relationships by:

- Being open and transparent in its communications;
- Improving cross-cultural awareness through training and education;
- Developing community relations management procedures that include business alliances;
- Being sensitive to the values and heritage issues of the local communities; and
- Being a good neighbour.

As a consequence of the CTP JV, communication with the CLC is now managed by NST.

### **6. Environmental Regulation**

The environment is a key aspect of mining activities.

The Consolidated Entity's operations are subject to environmental regulations under Commonwealth and State legislation. The Directors believe that the Consolidated Entity has adequate systems in place for the management of the requirements under those regulations and are not aware of any breach of such requirements as they apply to the Consolidated Entity.

#### **7. Significant Changes in the Company's State of Affairs**

Significant changes to the Company's State of Affairs have been set out in the Operating and Financial Review above and in the Events Subsequent to Reporting Date below.

#### **8. Dividends**

The Directors have not recommended the declaration of a dividend. No dividends were paid or declared during the year.

#### **9. Events Subsequent to Reporting Date**

There are no material events subsequent to the reporting period.

#### **10. Likely Developments**

The Company expects that NST will continue with its exploration and drilling programme at the CTP and refurbishment of the processing facilities, in accordance with the terms of the JV.

#### **11. Directors' Interests**

The relevant interest of each director in shares and options of the Company, as notified by the directors to the Australian Securities Exchange in accordance with section S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

<b>Directors</b>	<b>Fully paid shares</b>	<b>Unquoted options</b>
Mr A Dew	-	-
Mr G McMahon	2,500,000	-
Mr C Procter	-	-
Mr B Montgomery	20,000,000	-
Mr B Smith	100,000	-
Mr M Wong	-	-

#### **12. Share Options**

##### **Options granted to Directors and Executives of the Company**

During or since the end of the financial year, the Company has not granted any options over unissued ordinary shares in the Company to any of the directors as part of their remuneration.

##### **Unissued shares under option**

At the date of this report there were no unissued ordinary shares in the Company.

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

##### **Shares issued**

Since the end of the financial year, there were no shares issued.

##### **Shares issued on exercise of options**

During the financial year, no shares were issued by the Company as a result of the exercise of options.

#### **13. Remuneration Report – audited**

Remuneration is referred to as compensation throughout this report.

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and the Consolidated Entity. Key management personnel comprise the directors of the Company and executives of the Company and the Consolidated Entity.

Compensation levels for key management personnel of the Company and relevant key management personnel of the Consolidated Entity are competitively set to attract and retain appropriately qualified and experienced directors and executives.

The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and to achieve the broader outcome of creation of value for shareholders. Compensation packages include a mix of fixed compensation and equity-based compensation as well as employer contributions to superannuation funds.

Shares and options may only be issued to director's subject to approval by shareholders in a general meeting.

The Board has no established retirement or redundancy schemes.



### 13. Remuneration Report – audited (continued)

#### 13.1.1 Fixed Compensation

Fixed compensation consists of base compensation (which is calculated on a total cost basis and includes any FBT charges related to employee benefits), as well as employer contributions to superannuation funds.

Compensation levels are reviewed regularly through a process that considers individual performance and the overall performance of the Consolidated Entity.

#### 13.1.2 Performance-linked Compensation (short-term incentive bonus)

The Company has not paid any performance linked short-term incentives to key management personnel during the financial year ended 30 June 2019 (2018: nil).

#### 13.1.3 Equity-based Compensation (long-term incentive bonus)

The Remuneration and Nomination Committee may use equity-based long-term incentives (LTIs) where appropriate to promote continuity of employment and to provide additional incentive to increase shareholder wealth. LTIs are provided as options over ordinary shares of the Company and are provided to key management personnel and employees based on their level of seniority and position within the Company and are exercisable on various dates.

LTIs shall be in such form and content and with such terms and conditions as the Board determines, including exercise price, vesting conditions, disposal conditions and terms of expiry.

If the option holder ceases to be a director and/or employee of the Company during the vesting period for any reason, the options will expire six months after cessation (subject to the exercise of discretion by the Board) and cease to carry any rights or benefits unless otherwise approved by the Remuneration and Nomination Committee.

There are no voting or dividend rights attached to the options. Voting rights will be attached to the ordinary issued shares when the options have been exercised.

There were no LTI granted during the year and there were no LTI in existence at the end of the financial year.

On 20 September 2012, the Company introduced a policy that prohibits those that are granted share-based payments as part of their remuneration from entering into other arrangements that limit their exposure to losses that would result from share price decreases. Entering into such arrangements has been prohibited by law since 1 July 2011.

#### 13.1.4 Consequences of Performance on Shareholder Wealth

The Company continues to focus on enhancing shareholder value through the Farm-Out and Joint Venture Agreement with NST at the CTP outlined previously. To assist shareholders in assessing the Consolidated Entity's performance and benefits for shareholder wealth, the Company reports the following data for the current financial year and the previous five financial years:

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Profit/(loss) attributable to owners of the Company	17,182	12,411	(4,699)	12,570	(6,612)
Dividends paid	-	-	-	-	-
Share price at 30 June	\$0.045	\$0.036	\$0.051	\$0.049	\$0.028

#### 13.1.5 Service Contracts

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

*Mr Daniel Broughton – Chief Financial Officer*

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

No remuneration consultants were engaged by the Company during the year.

### 13.2 Non-executive directors

Non-executive directors do not receive performance related compensation. Directors' fees cover all main board activities and membership of any committee. The Board has not established retirement or redundancy schemes in relation to non-executive directors. Non-Executive Director, Mr Brett Montgomery, continues to have a significantly expanded role in the day-to-day running of the Company. Mr Gerard McMahon's role was modified following his decision to step down as Chairman in November 2018, with Mr Arthur Dew assuming that role.

**13. Remuneration Report – audited (continued)**

**13.3 Directors' and executive officers' remuneration**

Details of the nature and amounts of each major element of the remuneration of each director of the Company and each of the named officers of the Company and the Consolidated Entity receiving the highest remuneration are:

2019	Short-term	Post-employment	Total Remuneration	Proportion of Remuneration Performance Related
	Salary & Fees	Superannuation		
	\$	\$		
<b>Directors - Non-executive</b>				
Mr G McMahon	100,000	9,500	109,500	-
Mr A Dew	25,000	2,375	27,375	-
Mr C Procter	25,000	2,375	27,375	-
Mr B Montgomery	120,000	-	120,000	-
Mr B Smith <sup>1</sup>	-	-	-	-
<b>Executives</b>				
Mr D Broughton	99,000	-	99,000	-
Total	369,000	14,250	383,250	-

<sup>1</sup> Mr Smith receives no fees in his role as a Non-Executive Director.

2018	Short-term	Post-employment	Total Remuneration	Proportion of Remuneration Performance Related
	Salary & Fees	Superannuation		
	\$	\$		
<b>Directors - Non-executive</b>				
Mr G McMahon	100,000	9,500	109,500	-
Mr A Dew	25,000	2,375	27,375	-
Mr C Procter	25,000	2,375	27,375	-
Mr B Montgomery	120,000	-	120,000	-
<b>Executives</b>				
Mr D Broughton	99,000	-	99,000	-
Total	369,000	14,250	383,250	-

### 13. Remuneration Report – audited (continued)

#### 13.4 Equity instruments

##### 13.4.1 Options over equity instruments granted as compensation

No options over ordinary shares in the Company were granted as compensation to key management personnel during the reporting period and no options vested during the reporting period.

##### 13.4.2 Modifications of terms of equity-settled share-based payment transactions

No terms of equity-settled share-based payment transactions (including options and rights granted as compensation to key management personnel) have been altered or modified by the issuing entity during the reporting period or the prior period.

##### 13.4.3 Exercise of options granted as compensation

During the financial year, no shares were issued on the exercise of options previously granted as compensation to key management personnel.

##### 13.4.4 Analysis of options and rights over equity instruments granted as compensation

No options have been issued, granted or will vest to key management personnel of the Company.

##### 13.4.5 Analysis of movements in options and rights

There were no options granted during the financial year ended 30 June 2019 and 30 June 2018 to key management personnel.

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

Ordinary Fully Paid Shares	Balance 1 July 2018	Granted as Remuneration	On Market Purchases / (Sales)	Balance 30 June 2019
<b>Directors - Non-executive</b>				
Mr A Dew	-	-	-	-
Mr G McMahon	2,500,000	-	-	2,500,000
Mr C Proctor	-	-	-	-
Mr B Montgomery	20,000,000	-	-	20,000,000
Mr B Smith <sup>1</sup>	-	-	100,000	100,000
<b>Executives</b>				
Mr D Broughton	-	-	-	-
<b>Total</b>	<b>22,500,000</b>	<b>-</b>	<b>100,000</b>	<b>22,600,000</b>

<sup>1</sup> Mr Smith's initial interest on appointment date of 27 November 2018.

Ordinary Fully Paid Shares	Balance 1 July 2017	Granted as Remuneration	On Market Purchases / (Sales)	Balance 30 June 2018
<b>Directors - Non-executive</b>				
Mr A Dew	-	-	-	-
Mr G McMahon	2,500,000	-	-	2,500,000
Mr C Proctor	-	-	-	-
Mr B Montgomery	20,000,000	-	-	20,000,000
<b>Executives</b>				
Mr D Broughton	-	-	-	-
<b>Total</b>	<b>22,500,000</b>	<b>-</b>	<b>-</b>	<b>22,500,000</b>

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

No options were issued during the 2019 financial year (2018: nil).

This is the end of the audited information.

#### **14. Non-Audit Services**

During the year, KPMG, the Consolidated Entity's auditor, did not perform any other services in addition to their statutory duties.

The Board has established certain procedures to ensure that the provision of non-audit services are compatible with, and do not compromise, the auditor independence requirements of the Corporations Act 2001. These procedures include:

- a. Non-audit services will be subject to the corporate governance procedures adopted by the Company and will be reviewed by the Audit Committee to ensure they do not impact the integrity and objectivity of the auditor.
- b. Ensuring non-audit services do not involve the auditors reviewing or auditing their own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Amounts paid or payable to the auditor of the Company, KPMG, and its related practices for audit services during the year was \$45,750 (2018: \$49,275).

#### **15. Indemnification and Insurance of Officers**

##### **Indemnification**

The Company has agreed to indemnify both the current directors of the Company and former directors against liability incurred to a third party (not being the Company or any related company) that may arise from their positions as directors or officers of the Company and its controlled entities, unless the liability arises out of conduct involving a lack of good faith.

The Company has also agreed to cover the costs and expenses incurred in successfully defending civil or criminal proceedings, or in connection with a successful application for relief under the Corporations Act 2001. The Company also provides indemnity against costs and expenses in connection with an application where a court grants relief to a director or officer under the Corporations Act 2001.

##### **Insurance Premiums**

The Company has paid insurance premiums in respect of directors' and officers' liability insurance, for the directors of the controlled entity. In accordance with subsection 300(9) of the Corporations Act 2001, further details have not been disclosed due to confidentiality provisions of the insurance contracts.

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

The lead auditor's independence declaration is set out on page 13 and forms part of the directors' report for the financial year ended 30 June 2019.

#### **17. Rounding off**

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

Dated at Perth, Western Australia this 27th day of September 2019.

Signed in accordance with a resolution of the Directors.



Arthur Dew

**Non-Executive Chairman**

Perth, Western Australia

27 September 2019



# 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 of Tanami Gold NL for the financial year ended 30 June 2019 there have been:

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

*KPMG.*

KPMG

A handwritten signature in blue ink, appearing to read 'R Gambitta', with a stylized flourish at the end.

R Gambitta  
Partner

Perth

27 September 2019

**TANAMI GOLD NL**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019 \$'000	2018 \$'000
<b>Continuing operations</b>			
Other income		55	68
Profit on sale of assets	5	16,874	1,210
Corporate and other expenses	5	(1,054)	(1,461)
<b>Results from operating activities</b>		<u>15,875</u>	<u>(183)</u>
Financial income		648	116
<b>Net finance income</b>		<u>648</u>	<u>116</u>
<b>Profit/(loss) before income tax</b>		<u>16,523</u>	<u>(67)</u>
Income tax benefit	6	659	177
<b>Profit from operations</b>		<u>17,182</u>	<u>110</u>
<b>Profit for the year</b>		<u>17,182</u>	<u>110</u>
<b>Discontinued operations</b>			
Profit from discontinued operations		-	12,301
<b>Profit for the year after tax</b>		<u>17,182</u>	<u>12,411</u>
<b>Other comprehensive income (OCI)</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Net gain on financial assets at fair value through OCI (net of tax)		1,536	415
<b>Other comprehensive gain for the year (net of income tax)</b>		<u>1,536</u>	<u>415</u>
<b>Total comprehensive profit for the year attributable to owners of the Company</b>		<u>18,718</u>	<u>12,826</u>
<b>Earnings per share from continuing operations</b>			
Basic and diluted profit per share (cents per share)	7	0.015	0.000
<b>Earnings per share from total operations</b>			
Basic and diluted profit per share (cents per share)	7	0.015	0.011

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes to the financial statements.

**TANAMI GOLD NL**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED 30 JUNE 2019**

		<b>2019</b>	<b>2018</b>
	<b>Note</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	28,347	8,543
Other receivables		99	90
Inventories		-	128
Financial assets at fair value through OCI	9	5,825	3,630
Asset held for sale		-	2,365
<b>Total current assets</b>		<u>34,271</u>	<u>14,756</u>
<b>Non-current assets</b>			
Other receivables	10	2,513	2,513
Property, plant and equipment		442	95
Acquired exploration and evaluation	11	12,431	13,208
<b>Total non-current assets</b>		<u>15,386</u>	<u>15,816</u>
<b>Total assets</b>		<u>49,657</u>	<u>30,572</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		88	58
Liability held for sale		-	199
<b>Total current liabilities</b>		<u>88</u>	<u>257</u>
<b>Non-current liabilities</b>			
Provisions	12	1,663	1,127
<b>Total non-current liabilities</b>		<u>1,663</u>	<u>1,127</u>
<b>Total liabilities</b>		<u>1,751</u>	<u>1,384</u>
<b>Net assets</b>		<u>47,906</u>	<u>29,188</u>
<b>Equity</b>			
Issued capital	13	317,637	317,637
Accumulated losses		(273,074)	(290,256)
Reserves	14	3,343	1,807
<b>Total equity attributable to equity holders of the Company</b>		<u>47,906</u>	<u>29,188</u>

The consolidated statement of financial position is to be read in conjunction with the accompanying notes to the financial statements.

**TANAMI GOLD NL**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	Issued Capital	Accumulated Losses	Financial Assets Fair Value Reserve	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2017	317,637	(302,667)	1,392	16,362
Profit for the period	-	12,411	-	12,411
Net change in fair value of financial assets through OCI	-	-	415	415
<b>Total comprehensive profit for the period</b>	<b>-</b>	<b>12,411</b>	<b>415</b>	<b>12,826</b>
Transactions with Owners in their Capacity as Owners:				
Shares issued (net of costs)	-	-	-	-
Transfer resulting from options lapsed	-	-	-	-
<b>Balance at 30 June 2018</b>	<b>317,637</b>	<b>(290,256)</b>	<b>1,807</b>	<b>29,188</b>
Profit for the period	-	17,182	-	17,182
Net change in fair value of financial assets through OCI	-	-	1,536	1,536
<b>Total comprehensive profit for the period</b>	<b>-</b>	<b>17,182</b>	<b>1,536</b>	<b>18,718</b>
Transactions with Owners in their Capacity as Owners:				
Shares issued (net of costs)	-	-	-	-
Transfer resulting from options lapsed	-	-	-	-
<b>Balance at 30 June 2019</b>	<b>317,637</b>	<b>(273,074)</b>	<b>3,343</b>	<b>47,906</b>

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes to the financial statements.



**TANAMI GOLD NL**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019 \$'000	2018 \$'000
<b>Cash flows from operating activities</b>			
Cash receipts from customers		-	-
Cash payments in the course of operations		(813)	(1,703)
Interest received		562	120
Payments for exploration and evaluation		-	(302)
<i>Net cash used by operating activities</i>	8	<u>(251)</u>	<u>(1,885)</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		-	53
Proceeds from sale of financial assets		-	1,734
Dividends received		55	68
Proceeds from sale of subsidiary		-	4,000
Proceeds from sale of 15% interest in CTP		20,000	-
<i>Net cash from investing activities</i>		<u>20,055</u>	<u>5,855</u>
<b>Cash flows from financing activities</b>			
<i>Net cash (used)/provided from financing activities</i>		<u>-</u>	<u>-</u>
<b>Net increase in cash and cash equivalents held</b>		19,804	3,970
<b>Cash and cash equivalents at beginning of the financial year</b>		8,543	4,573
<b>Cash and cash equivalents at the end of the financial year</b>	8	<u>28,347</u>	<u>8,543</u>

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes to the financial statements.

## **BASIS OF PREPARATION**

This section of the financial report sets out the Group's (being the Company and its subsidiaries) accounting policies that relate to the Consolidated Financial Statements. Where an accounting policy is specific to one Note, the policy is described in the Note to which it relates.

The Notes include information which is required to understand the Consolidated Financial Statements and is material and relevant to the financial position and performance of the Group. Information is considered relevant and material if:

- the amount is significant due to its size or nature;
- the amount is important in understanding the results of the Group;
- it helps to explain the impact of significant changes in the Group's business; and
- it relates to an aspect of the Group's operations that is important to its future performance.

### **NOTE 1: CORPORATE INFORMATION**

The consolidated financial report of the Company for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the Directors on 27 September 2019. The Board of Directors has the power to amend the Consolidated Financial Statements after issue.

The Company is a for-profit company limited by shares whose shares are publicly traded on the Australian Securities Exchange. The Company and its subsidiaries are incorporated and domiciled in Australia. The registered office and principal place of business of the Company is Unit B1, 431 Roberts Road, Subiaco Western Australia 6008.

The nature of the operations and principal activities of the Company are disclosed in the Directors' Report.

The amounts contained in the financial report have been rounded to the nearest \$1,000 (unless otherwise stated) pursuant to the option available to the Company under ASIC Instrument 2016/191. The Company is an entity to which this Instrument applies.

### **NOTE 2: REPORTING ENTITY**

The Consolidated Financial Statements are for the Group, a list of the Group's subsidiaries is provided in Note 16.

### **NOTE 3: BASIS OF PREPARATION**

These general purpose Consolidated Financial Statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated Financial Statements of Tanami Gold NL also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These Consolidated Financial Statements have been prepared under the historical cost convention except for certain financial assets and liabilities which are required to be measured at fair value.

#### **a) Basis of consolidation**

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### **b) Functional and presentation currency**

Both the functional and presentation currency of Tanami is Australian Dollars. Each entity in the Group determines its own functional currency and items included in the Financial Statements of each entity are measured using that currency.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

#### **c) Comparatives**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

## PERFORMANCE FOR THE YEAR

This section provides additional information about those individual line items in the Consolidated Statement of Comprehensive Income that the Directors consider most relevant in the context on the operations of the entity

### NOTE 4 SEGMENT INFORMATION

#### Identification of reportable segments

Management has determined the operating segments based on the reports reviewed and used by the Board of Directors (the chief operating decision maker) that are used to make strategic decisions.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- external regulatory requirements
- geographical and geological styles

#### Operations

The Consolidated Entity operates predominantly in the gold exploration industry.

#### Accounting policies developed

Unless stated otherwise, all amounts reported to the Board of Directors as chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the Consolidated Financial Statements of the Group.

#### Information about reportable segments

	Exploration		Total	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Revenues	-	-	-	-
Depreciation and amortisation	-	-	-	-
Reportable segment loss before income tax	(73)	-	(73)	-
Reportable segment other income	55	68	55	68
Reportable segment assets	21,211	18,200	21,211	18,200
Reportable segment liabilities	1,663	1,185	1,663	1,185

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

	2019 \$'000	2018 \$'000
<b>Revenue and other income</b>		
Total revenue and other income for reportable segments	55	68
Consolidated revenue and other income	55	68
<b>Profit or loss</b>		
Total (loss)/profit for reportable segments	(73)	68
Profit from discontinued operations	-	12,301
Profit on sale of financial assets through OCI	-	1,210
Profit on sale of 15% interest in CTP (refer note 5)	16,874	-
Unallocated amounts: other corporate expenses	(278)	(1,345)
Consolidated profit before income tax	16,523	12,234
<b>Assets</b>		
Total assets for reportable segments	21,211	18,200
Other unallocated amounts	28,446	12,173
Consolidated total assets	49,657	30,373
<b>Liabilities</b>		
Total liabilities for reportable segments	1,663	1,185
Other unallocated amounts	88	-
Consolidated total liabilities	1,751	1,185

**TANAMI GOLD NL**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**NOTE 5 REVENUE & EXPENSES**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Profit on sale of assets</b>		
Profit on sale of 15% interest in CTP <sup>1</sup>	16,874	-
Profit on sale of financial assets through OCI	-	1,210
	<u>16,874</u>	<u>1,210</u>

<sup>1</sup> In 2015, the Company formed an unincorporated joint venture (JV) between the Company (75%) and Northern Star Resources Limited (25%) (NST) in relation to its Central Tanami Project (CTP) as set out in a Heads of Agreement (HOA) as follows:

- NST paid the company \$11.0 million in cash and issued 4,290,228 NST shares to the Company;
- NST became the Manager of all JV activities and will sole fund all JV expenditure during the Sole Funding Period; and
- JV expenditure includes all costs in connection with the JV activities, including management, exploration, evaluation, assessment, development, mining the tenements which are the 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. This has not yet occurred.

The HOA also includes two put options, and on 31 July 2018, the Company completed the exercise of the first put option electing to have the consideration payable in cash, the transaction was settled on 15 September 2018. At 30 June 2019, NST holds 40% and the Company holds 60% of the CTP.

The second put option grants the Company the right but not the obligation to sell a further 25% of the CTP for \$32m in cash or NST shares (at the Company's election) up to six months after commercial production is achieved.

A reconciliation of the transaction is below:

	<b>Exercise of First Put Option</b>
	<b>Sale 15% 15 Sep 18</b>
	<b>\$'000</b>
<b>Consideration received:</b>	
Cash consideration	<u>20,000</u>
	20,000
<b>Asset and liabilities disposed of:</b>	<b>15%</b>
Exploration and evaluation asset	(3,108)
Property, plant and equipment	<u>(19)</u>
Carrying value of CTP assets and liabilities	(3,127)
<b>Profit on sale of interest in CTP</b>	<u>16,874</u>

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Corporate and other expenses</b>		
Consulting fees	273	368
Directors' fees	284	284
Depreciation mine site assets	5	289
Statutory and compliance costs	54	166
Legal	98	113
Rent and outgoings	57	69
Insurance	43	66
Write off of inventory	128	-
Other	<u>112</u>	<u>106</u>
	<u>1,054</u>	<u>1,461</u>

**TANAMI GOLD NL**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**NOTE 6 TAXATION**

The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follow:

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Income statement</b>		
Relating to origination and reversal of temporary differences	(1,537)	(414)
Deferred tax assets not recognised in the current period	878	237
Income tax/(benefit) expense not reported in income statement	<u>(659)</u>	<u>(177)</u>

**The components of recognised deferred tax balance are as follows:**

**CONSOLIDATED**

Exploration	3,729	-
Consumables	-	39
Investments	1,433	774
Deferred tax asset offset against deferred tax liability	<u>(5,162)</u>	<u>(813)</u>
Gross deferred income tax liabilities	<u>-</u>	<u>-</u>

**Reconciliation to income tax expense/(benefit) on account profit/(loss)**

Profit/(loss) before income tax	<u>16,523</u>	<u>12,234</u>
Prima facie tax payable/(receivable) at the statutory income tax rate	4,957	3,670
Non-deductible expenses	217	210
Tax gain on disposal of 15% of the CTP	741	-
Non-assessable accounting income	-	(3,922)
Tax loss on disposal of assets	-	(9,948)
Non-taxable franked dividend	(17)	9
Deferred tax assets not recognised	-	9,567
Deferred tax assets not previously recognised	659	237
Tax losses recouped not previously booked	<u>(5,898)</u>	<u>-</u>
Income tax (benefit)/expense	<u>(659)</u>	<u>(177)</u>

**Deferred tax asset (30%) not recognised arising on:**

Income losses	65,320	66,877
Capital losses	6,793	9,948
Temporary differences	<u>8,792</u>	<u>11,998</u>
	<u>80,905</u>	<u>88,823</u>

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

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

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

In determining the amount of current and deferred tax, the Consolidated Entity considers the impact of uncertain tax positions and whether additional taxes and interest may be due. The Consolidated Entity believes its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Consolidated Entity to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

**TANAMI GOLD NL**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**NOTE 6 TAXATION (Continued)**

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

*Tax Consolidation*

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 July 2002 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Tanami Gold NL.

*Goods and services tax ('GST')*

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**NOTE 7 EARNINGS PER SHARE**

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

The calculation of basic earnings per share at 30 June 2019 was based on the profit attributable to ordinary shareholders of \$17.182 million (2018: profit \$12.411 million) and a weighted average number of ordinary shares outstanding of 1,175,097,046 (2018: 1,175,097,046).

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

Diluted earnings per share for 2019 and 2018 equals' basic earnings per share as there are no options on issue.

The Consolidated Entity presents basic earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for shares held by the Company's sponsored employee share plan trust, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

**ASSETS**

This section provides additional information about those individual line items in the Consolidated Statement of Financial Position that the Directors consider most relevant in the context of the operations of the entity.

**NOTE 8 CASH AND CASH EQUIVALENTS**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash and cash equivalents	28,347	8,543
	<u>28,347</u>	<u>8,543</u>

The Consolidated Entity's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 15.

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

**TANAMI GOLD NL**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**NOTE 8 CASH AND CASH EQUIVALENTS (Continued)**

Cash as at the end of the financial year as shown in the Consolidated Statement of Cash Flows is reconciled to the related items in the Consolidated Statement of Financial Position as follows:

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Net profit	17,182	12,411
Add/(less) non-cash items		
Income tax (benefit)/expense	(659)	(177)
Depreciation	5	289
Add/(less) items classified as investing/financing activities		
Gain on disposal of subsidiary	(16,874)	(13,019)
Gain on sale of financial assets	-	(1,210)
Dividends received	(55)	(68)
<b>Net cash used by operating activities before changes in assets and liabilities</b>	<b>(400)</b>	<b>(1,774)</b>

Changes in assets and liabilities during the financial year:

Decrease/(increase) in receivables	(9)	(36)
Decrease/(increase) in inventories	128	123
Increase/(decrease) in provisions	-	(34)
(Decrease)/increase in trade and other payables	31	(164)
<b>Net cash flows from operating activities</b>	<b>(251)</b>	<b>(1,885)</b>

**NOTE 9 FINANCIAL ASSETS**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Quoted equity shares	5,825	3,630
	<u>5,825</u>	<u>3,630</u>

At 30 June 2019, the Company has a remaining investment of 500,000 listed equity shares in Northern Star Resources Limited. Subsequent to initial recognition, these shares are measured at fair value being the published price quotation in an active market. Changes therein are recognised in Other Comprehensive Income (unless it represents impairment) and presented as an unrealised gain/(loss) reserve in equity. The fair value movement in the asset during the period was a gain of \$1.536 million (2018: gain of \$0.415 million) (less the recognition of a Deferred Tax Liability) which has been recognised as the net change in the fair value of Financial Assets in Other Comprehensive Income. As a result of the Company's carry forward tax losses, a corresponding \$0.659 million Deferred Tax Liability (2018: \$0.177 million Deferred Tax Liability) has been recognised with the associated tax expense/benefit reflected in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

For investments where there is not a quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Financial assets are non-derivative financial assets that are classified as fair value through other comprehensive income. 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 financial assets fair value reserve in equity. When an investment is derecognised, the cumulative gain or loss in equity is reclassified to profit or loss.

Financial assets comprise equity securities. The fair value of investments in quoted equity securities is determined by reference to their quoted closing bid price at the reporting date.

**TANAMI GOLD NL**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**NOTE 10 OTHER RECEIVABLES**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Non-current</b>		
Other debtors <sup>1</sup>	2,513	2,513
	<u>2,513</u>	<u>2,513</u>

<sup>1</sup> Non-current other debtors represent term deposits placed in support of environmental performance bonds lodged with Newmont Australia Limited \$0.850 million (2018: \$0.850 million) and the Department of Resources (NT) \$1.663 million (2018: \$1.663 million).

Other receivables are initially recorded at the amount of proceeds due and are subsequently measured at amortised cost.

All trade receivables and other debtors are due and payable within 30 days.

**NOTE 11 ACQUIRED EXPLORATION AND EVALUATION EXPENDITURE**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Carrying amount at beginning of period	13,208	15,539
Transfer 15% interest in CTP <sup>1</sup>	(777)	(2,331)
	<u>12,431</u>	<u>13,208</u>

<sup>1</sup> Refer to Note 5 Revenue and Expenses Profit on Sale of further 15% of CTP.

The remaining acquired exploration and evaluation costs carried forward in respect of areas of interest represents the purchase price for CTP. Acquisition costs and acquired exploration and evaluation expenditure which are acquired are capitalised, until such times as an impairment is considered.

Pre-licence costs are expensed in the period in which they are incurred. Once the legal right to explore has been acquired, exploration and evaluation expenditure incurred on licenses where the technical feasibility and commercial viability of extracting mineral resources has not yet been established is expensed as incurred. The directors of the Company generally consider a project to be economically viable on the satisfactory completion of a feasibility study and a JORC reserve estimate.

Exploration and evaluation expenditure includes the costs of acquiring and maintaining the rights to explore, investigate, examine and evaluate an area of mineralisation, and assessing the technical feasibility and commercial viability of extracting the mineral resources from that area.

**LIABILITIES AND EQUITY**

This section provides additional information about those individual line items in the Consolidated Statement of Financial Position that the Directors consider most relevant in the context of the operations of the entity.

**NOTE 12 PROVISIONS**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Reconciliation of site and mine restoration</b>		
Opening balance 1 July	1,127	11,339
Reassessment of provision	536	-
Carrying value of mine restoration sold to NST (100%)	-	(10,013)
Balance at 30 June	<u>1,663</u>	<u>1,127</u>

<sup>1</sup> Refer to Note 5 Revenue and Expenses Profit on Sale of further 15% of CTP.

**Site and mine restoration**

A provision is recognised if, as a result of a past event, the Consolidated Entity has a present legal or constructive obligation that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

A provision is made for the estimated cost of rehabilitation relating to areas disturbed during the mine's operation up to reporting date but not yet rehabilitated. Provision has been made in full for all disturbed areas at the reporting date based on current estimates of costs to rehabilitate such areas, discounted to their present value based on expected future cash flows. The estimated cost of rehabilitation includes the current cost of re-contouring, topsoiling and revegetation, employing legislative requirements. Changes in estimates are dealt with on a prospective basis as they arise.



**NOTE 12 PROVISIONS (Continued)**

Uncertainty exists as to the amount of rehabilitation obligations which will be incurred due to the impact of changes in environmental legislation. The amount of the provision relating to rehabilitation of mine infrastructure and dismantling obligations is recognised at the commencement of the mining project and/or construction of the assets where a legal or constructive obligation exists at that time. The provision is recognised as a non-current liability with a corresponding asset included in property, plant and equipment.

At each reporting date the rehabilitation liability is re-measured in line with changes in discount rates and timing or amount of costs to be incurred. Changes in the liability relating to rehabilitation of mine infrastructure and dismantling obligations are added to or deducted from the related asset, other than the unwinding of the discount which is recognised as finance costs in profit or loss as it occurs.

If the change in liability results in a decrease in the liability that exceeds the carrying amount of the asset, the asset is written-down to nil and the excess is recognised immediately in the income statement. If the change in the liability results in an addition to the cost of the asset, the recoverability of the new carrying amount is considered. Where there is an indication that the new carrying amount is not fully recoverable, an impairment test is performed with the write-down recognised in profit or loss in the period in which it occurs.

**NOTE 13 ISSUED CAPITAL AND MANAGEMENT**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Share capital</b>		
1,175,097,046 (2018: 1,175,097,046) ordinary shares, fully paid	317,637	317,637
<b>Movements in issued capital</b>		
Balance at 1 July	317,637	317,637
Balance at 30 June	317,637	317,637

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

**Capital management**

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2018. The capital structure of the Group consists of cash and cash equivalents, debt and equity attributable to equity holders of the Group, comprising issued capital, reserves and retained earnings. None of the Group's entities are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, dividends and general administrative outgoings. Gearing levels are reviewed by the Board on a regular basis in line with its target gearing ratio, the cost of capital and the risks associated with each class of capital.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**NOTE 14 RESERVES**

Financial Assets Fair Value Reserve records movements in the fair value of financial assets. The balance as at 30 June 2019 was \$3.343 million (2018: \$1.807 million).

**FINANCIAL INSTRUMENTS**

This section of the Notes discusses the Group's exposure to various risks and shows how these could affect the Group's financial position and performance.

**NOTE 15 FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT**

The Group's principal financial instruments comprise cash, receivables and payables.

The Group monitors and manages its exposure to key financial risks in accordance with the Group's financial management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are interest risk, credit risk, commodity risk, equity risk and liquidity risk. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

**(a) Credit Risk**

Credit risk is the risk of financial loss to the Consolidated Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Consolidated Entity is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Presently, the Consolidated Entity undertakes exploration and evaluation activities exclusively in Australia. At the balance sheet date, the Company's term deposits were held with a reputable Australian financial institution.

**NOTE 15 FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT (Continued)**

**Cash and cash equivalents**

The Consolidated Entity limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating.

**Other receivables**

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

**(b) Liquidity risk**

Liquidity risk is the risk that the Consolidated Entity will not be able to meet its financial obligations as and when they fall due. The Consolidated Entity's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

The Consolidated Entity manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows.

The Group had trade and other payables as at 30 June 2019 of \$0.088 million (2018: \$0.058 million) due within 6 months. The carrying amount of the trade and other payables equalled their contractual cash flows due to the short term nature.

**(c) Interest Rate Risk**

The Consolidated Entity is exposed to interest rate risk on its cash and cash equivalents, which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rate on interest-bearing financial instruments. The Consolidated Entity does not use derivatives to mitigate these exposures.

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Variable rate instruments</b>		
Cash and cash equivalents	28,347	8,543
Current other receivables	99	90
Non-current other receivables <sup>1</sup>	2,513	2,513
	<u>30,959</u>	<u>11,146</u>

<sup>1</sup> Non-current Other receivables which are variable rate instruments includes Newmont Australia Limited \$0.850 million (2018: \$0.850 million), and the NT Department of Resources \$1.663 million (2018: \$1.663 million). The term deposits mature on a 3 monthly basis and their value is dependent on a variable interest rate.

**Fair value sensitivity analysis for fixed instruments**

The Consolidated Entity does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

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

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by + / - \$0.305 million (2018: + / - \$0.110 million). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2018.

**(d) Fair Value**

**Fair value versus carrying amounts**

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

<b>Consolidated</b>	<b>30-Jun-19</b>		<b>30-Jun-18</b>	
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Cash and cash equivalents	28,347	28,347	8,543	8,543
Financial assets	5,825	5,825	3,630	3,630
Other receivables	2,612	2,612	2,603	2,603
Trade and other payables	(88)	(88)	58	58

**NOTE 15 FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT (Continued)**

**(e) Fair Value Hierarchy**

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted market prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For years ending 30 June 2019 and 30 June 2018 financial assets were valued using level 1 methods.

**(f) Commodity Price Risk**

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

**(g) Equity Risk**

The Consolidated Entity is exposed to equity price risk, which arises from the remaining 500,000 (2018: 500,000) NST shares.

These shares are listed on the ASX and classified as Financial Assets with which are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognised in other comprehensive income and presented in the Financial Assets Fair Value Reserve in equity. When an investment is derecognised, the cumulative gain or loss in equity is reclassified to the Consolidated Statement of Profit or Loss. A 10% movement in the 30 June 2019 share price would result in an +/- \$0.582 million (2018: +/- \$0.363 million) movement in the value of the Financial Assets.

**GROUP COMPOSITION**

This section of the Notes includes information that must be disclosed to comply with accounting standards and other pronouncements relating to the structure of the Group, but that is not immediately related to individual line items in the Financial Statements

**NOTE 16: LIST OF SUBSIDIARIES**

Tanami (NT) Pty Ltd is a wholly owned subsidiary of Tanami Gold NL.

**NOTE 17: PARENT ENTITY INFORMATION**

As at, and throughout, the financial year ended 30 June 2019 the parent company of the Consolidated Entity was Tanami Gold NL.

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Parent Entity</b>		
<b>Result of the parent entity</b>		
Profit/(loss) for the year	19,737	(7,343)
Total comprehensive profit/(loss) for the year	<u>19,737</u>	<u>(7,343)</u>
<b>Financial position of the parent entity at year end</b>		
Current assets	28,377	8,612
Total assets	<u>28,377</u>	<u>8,612</u>
Current liabilities	88	60
Total liabilities	<u>8,843</u>	<u>8,815</u>
<b>Total equity of the parent entity comprising of:</b>		
Issued capital	317,637	317,637
Accumulated losses	(298,103)	(317,840)
	<u>19,534</u>	<u>(203)</u>

**OTHER INFORMATION**

This section of the Notes includes other information that must be disclosed to comply with accounting standards and other pronouncements, but that is not immediately related to individual line items in the Financial Statements.

**NOTE 18 CONTINGENT LIABILITIES**

The Group has no contingent liabilities as at 30 June 2019 (2018: nil).

**TANAMI GOLD NL**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**NOTE 19 REMUNERATION OF AUDITORS**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Audit services</b>		
Amounts paid, or due and payable, to the auditor KPMG for:		
Audit and review of the financial statements	45,750	49,275

**NOTE 20 COMMITMENTS**

**a) Operating lease**

The Consolidated Entity sub leases its corporate office on a month by month basis.

**NOTE 21 RELATED PARTY TRANSACTIONS**

**Other transactions with the Company or its controlled entities**

Specified directors hold positions in other entities that resulted in them having control or significant influence over the financial or operating policies of those entities. These entities transacted with the Company or its subsidiaries during the financial year. The terms and conditions of those transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

**NOTE 22 KEY MANAGEMENT PERSONNEL**

*Specified Directors*

Arthur Dew (Non-Executive Chairman)	appointed December 2011
Gerard McMahon (Non-Executive Director)	appointed April 2013
Carlisle Procter (Non-Executive Director)	appointed December 2011
Brett Montgomery (Non-Executive Director)	appointed February 2013
Brett Smith (Non-Executive Director)	appointed November 2018

*Specified Executives*

Daniel Broughton (Chief Financial Officer)	appointed 8 September 2014
--	----------------------------

The key management personnel compensation included in 'Corporate and Other Expenses' is as follows:

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	369,000	369,000
Post-employment benefits	14,250	14,250
	<u>383,250</u>	<u>383,250</u>

**NOTE 23: EVENTS OCCURRING AFTER THE REPORTING PERIOD**

There have been no material events subsequent to year end.

**ACCOUNTING POLICIES**

This section of the Notes includes information that must be disclosed to comply with accounting standards and other pronouncements, but that is not immediately related to individual line items in the Financial Statements.

**NOTE 24 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS**

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events, which are believed to be reasonable under the circumstances. However, actual outcomes would differ from these estimates if different assumptions were used and different conditions existed.

The Group has identified the following areas where significant judgements, estimates and assumptions are required, and where actual results were to differ, may materially affect the financial position or financial results reported in future periods.

**NOTE 24 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (Continued)**

*Accounting estimates and judgements*

Management discussed with the Audit Committee the development, selection and disclosure of the Consolidated Entity's critical accounting policies and estimates and the application of these policies, estimates and judgements. The estimates and judgements that may have a significant impact on the carrying amount of assets and liabilities are discussed below:

(i) *Mine rehabilitation and site restoration provision*

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

(ii) *Impairment of exploration and evaluation of assets, investment in subsidiary and loans to subsidiary*

The ultimate recoupment of the value of exploration and evaluation assets, the Company's investment in its subsidiaries and loans to its subsidiaries is dependent on successful development and commercial exploitation, or alternatively, sale, of the underlying mineral exploration properties. The Consolidated Entity undertakes at least on an annual basis, a comprehensive review of indicators of impairment of these assets. There is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts where there are impairment indicators.

The key areas of estimation and judgement that are considered in this review include:

- recent drilling results and reserves and resource estimates;
- environmental issues that may impact the underlying tenements;
- the estimated market value of assets at the review date;
- independent valuation of underlying assets that may be available;
- fundamental economic factors such as the gold price, exchange rates and current and anticipated operating costs in the industry; and
- the Consolidated Entity's market capitalisation compared to its net assets.

Information used in the review process is tested against externally available information as appropriate.

**NOTE 25 CHANGES IN ACCOUNTING POLICIES**

In the year ended 30 June 2019, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period.

The directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the year ended 30 June 2019 are outlined below.

**NOTE 26 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the year ended 30 June 2019 are outlined below.

a) **IFRIC 23 Uncertainty over Income Tax Treatments (effective from 1 July 2019)**

This Interpretation clarifies the application of the recognition and measurement criteria in AASB 112 Income Taxes when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following:

- whether an entity considers uncertain tax treatments separately;
- the assumptions an entity makes about the examination of tax treatments by taxation authorities;
- how an entity determines taxable profit, tax bases, unused tax losses, unused tax credits and tax rates; and
- how an entity considers changes in facts and circumstances.

Interpretation 23 is a clarification treatment of uncertain tax positions. The Group is not expecting a material impact on the adoption of the interpretation. The Group has considered the impact on its Consolidated Financial Statements and assessed that the effect of the new standard will be minimal.

b) **Annual Improvements 2015-2017 (effective 1 July 2019)**

The amendments clarify certain requirements in: AASB 3 Business Combinations and AASB 11 Joint Arrangements – previously held interest in a joint operation; AASB 112 Income Taxes – income tax consequences of payments on financial instruments classified as equity; AASB 123 Borrowing Costs – borrowing costs eligible for capitalisation.

The Group has considered the impact on its Consolidated Financial Statements and assessed that the effect of the new standard will be minimal.

**NOTE 26 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (Continued)**

c) Conceptual Framework for Financial Reporting (effective 1 July 2020)

The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The Group has considered the impact on its Consolidated Financial Statements and assessed that the effect of the new framework will be minimal.

d) Amendments to AASB 10 and AASB 128 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective 1 July 2022)

The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in AASB 3 Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in associate or joint venture.

The Group has considered the impact on its Consolidated Financial Statements and assessed that the effect of the new standard will be minimal.

e) Amendments to AASB 119 - Employee benefits on plan amendment, curtailment or settlement (effective 1 July 2019)

These amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

The Group has considered the impact on its Consolidated Financial Statements and assessed that the effect of the new standard will be minimal.

f) AASB 16 Leases (effective from 1 July 2019)

AASB 16 distinguishes leases and services contracts based on whether an identified asset is controlled by the customer. Distinctions between operating leases (previously off-balance sheet) and finance leases (previously on balance sheet) are removed under the new standard and replaced by the concept of right of use. Where an entity has control over and an ongoing right to use an asset, that asset will be recognised on the balance sheet as an asset with a corresponding liability.

The Group has considered the impact on its consolidated Financial Statements and assessed that the effect of the new standard is minimal. The Group will continue to assess its contracts and other arrangements that may be impacted by the introduction of the revised standard.


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

 **TANAMI GOLD NL**  
**DIRECTORS' DECLARATION**  
**FOR THE YEAR ENDED 30 JUNE 2019**

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

1. In the opinion of the directors:
  - a) the consolidated financial statements and notes and the Remuneration report set out in Note 13 in the Directors' report are in accordance with the Corporations Act 2001, including:
    - i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
    - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
  - b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 3
  - c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2019.

On behalf of the board



Arthur Dew

**Non-Executive Chairman**

Perth, Western Australia

27 September 2019



# Independent Auditor's Report

To the shareholders of Tanami Gold NL

## Report on the audit of the Financial Report

### Opinion

We have audited the **Financial Report** of Tanami Gold NL (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2019
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

### Key Audit Matter

A Key Audit Matter is a matter that, in our professional judgement, was of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.



## Sale of 15% interest in Central Tanami Project (CTP)

Refer to Note 5 of the Financial Report

The key audit matter	How the matter was addressed in our audit
<p>The sale of the 15% of the Central Tanami Project (CTP) is a key audit matter due to:</p> <ul style="list-style-type: none"> <li>the significance of the profit on sale to the Group's business and the group's profit (being 98% of profit after tax);</li> <li>the greater level of audit effort to assess the calculation of the profit on sale. This required detailed analysis and involvement from senior team members.</li> </ul> <p>In assessing the impact of the transaction, we focused on:</p> <ul style="list-style-type: none"> <li>The restatement of financial information from assets held for sale and calculation of gain on sale.</li> <li>Tax implications, including profit on sale for tax purposes, and utilisation of prior year losses.</li> </ul>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>Reading the transaction documents to understand the terms and conditions of the disposal.</li> <li>We assessed the calculation of the profit on sale, with reference to the exercise price and the carrying value of the underlying assets and liabilities.</li> <li>Checking the consideration by comparing relevant amounts to bank records and the transaction documents.</li> <li>Assessing the tax treatment of the disposal; and</li> <li>Evaluating the appropriateness of accounting treatment relating to the disposal with reference to the requirements of the accounting standards.</li> </ul>

## Other Information

Other Information is financial and non-financial information in Tanami Gold NL's annual reporting which is provided in addition to the Financial Report and the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

## Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*



- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf). This description forms part of our Auditor's Report.

### Report on the Remuneration Report

#### Opinion

In our opinion, the Remuneration Report of Tanami Gold NL for the year ended 30 June 2019, complies with *Section 300A* of the *Corporations Act 2001*.

#### Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

#### Our responsibilities

We have audited the Remuneration Report included in Section 13 of the Directors' report for the year ended 30 June 2019.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

R Gambitta  
Partner

Perth

27 September 2019

 **TANAMI GOLD NL**  
**CORPORATE GOVERNANCE STATEMENT**

The Board of Tanami Gold NL has adopted the spirit and intent of the 3<sup>rd</sup> Edition of the Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council.

The Company's 2019 Corporate Governance Statement is available in the Corporate Governance section of the Company's website: <http://www.tanami.com.au/company/corporate-governance.html>.

This document is reviewed regularly to address any changes in governance practices and the law.

**TANAMI GOLD NL**  
**ADDITIONAL INFORMATION**  
**As at 18 September 2019**

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows.

The information is current as at 18 September 2019.

**Issued Equity Capital**

	Ordinary Shares	Options
Number of holders	4,605	Nil
Number on issue	1,175,097,046	Nil

**Voting Rights**

Voting rights, on a show of hands, are one vote for every registered holder of Ordinary Shares and on a poll, are one vote for each share held by registered holders of Ordinary Shares. Options do not carry any voting rights.

**Distribution of Holdings of Equity Securities**

Holding ranges	Number of Equity Security Holders	
	Total Holders	Units
1 – 1,000	1,597	559,981
1,001 – 5,000	1,027	2,491,571
5,001 – 10,000	354	2,751,652
10,001 – 100,000	1,080	43,230,588
100,001 and over	547	1,126,063,254
<b>TOTAL</b>	<b>4,605</b>	<b>1,175,097,046</b>

**Unmarketable Parcels**

The number of shareholders holding less than a marketable parcel (which as at 18 September 2019 was 4,955,370 Shares) was: 2,893.

**Substantial Shareholders**

	Number of Ordinary Shares	Percentage (%)
APAC RES MINING LTD	477,612,786	40.64%
SUN HUNG KAI INV SVCS LTD	68,408,658	5.82%

**On Market Buy Back**

There is no current on-market buy-back.

**Top 20 Shareholders**

Rank	Name	Number of Ordinary Shares	Percentage (%)
1	APAC RES MINING LTD	477,612,786	40.64%
2	ABN AMRO CLRG SYD NOM PL	42,608,323	3.63%
3	SUN HUNG KAI INV SVCS LTD	36,169,922	3.08%
4	PERTH SELECT SEAFOODS PL	33,800,000	2.88%
5	SUN HUNG KAI INV SVCS LTD	32,238,736	2.74%
6	JEMAYA PL	30,000,000	2.55%
7	HSBC CUSTODY NOM AUST LTD	21,118,131	1.80%
8	GERISE PL	20,000,000	1.70%
9	LCY SUPER PL	10,400,000	0.89%
10	JEMAYA PL	9,964,027	0.85%
11	HARE PAUL	8,700,000	0.74%
12	YANDAL INV PL	8,250,001	0.70%
13	JOHNSTON ANDREW ROSS	7,850,000	0.67%
14	*RICKARDS LAWRENCE + C A	7,525,000	0.64%
15	MAMMALIA LTD	7,151,251	0.61%
16	ANTHONY BURKE PL	6,000,000	0.51%
17	WHITEHEAD N R + SMITH J H	6,000,000	0.51%
18	TOUSSAINT PAUL	5,519,764	0.47%
19	ALLISTER K H + R M	5,400,000	0.46%
20	SILTON PL	5,300,000	0.45%
	<b>TOTAL</b>	<b>781,607,941</b>	<b>66.52%</b>

**TANAMI GOLD NL**  
**SCHEDULE OF MINERAL TENEMENTS**  
**As at 30 June 2019**

Northern Territory				
Tenement	Name	Status	Interest	Registered Holder
EL8797	Gamma	Granted	60%	Tanami (NT) Pty Ltd
EL9763	Red Hills	Granted <sup>1</sup>	60%	Tanami (NT) Pty Ltd
EL9843	Chapmans Hill	Granted	60%	Tanami (NT) Pty Ltd
EL10355	Red Hills North	Granted <sup>2</sup>	60%	Tanami (NT) Pty Ltd
EL10411	Tanami Downs North	Granted <sup>2</sup>	60%	Tanami (NT) Pty Ltd
EL22061	Farrands Hill South	Granted	60%	Tanami (NT) Pty Ltd
EL22229	Question Mark Bore East	Granted <sup>2</sup>	60%	Tanami (NT) Pty Ltd
EL22378	Question Mark Bore Far	Granted <sup>2</sup>	60%	Tanami (NT) Pty Ltd
EL23342	Aperta Far East	Granted	60%	Tanami (NT) Pty Ltd
EL26925	Goanna 2	Granted	60%	Tanami (NT) Pty Ltd
EL26926	Black Hills 2	Granted	60%	Tanami (NT) Pty Ltd
EL28282	Suplejack	Granted	60%	Tanami (NT) Pty Ltd
EL28474	Rushmore	Granted	60%	Tanami (NT) Pty Ltd
EL28613	Gamma East	Withdrawn <sup>3</sup>	60%	Tanami (NT) Pty Ltd
ELA32149	Gamma East	Application <sup>3</sup>	60%	Tanami (NT) Pty Ltd
ML22934	Groundrush	Granted	60%	Tanami (NT) Pty Ltd
MLS119	Reward	Granted	60%	Tanami (NT) Pty Ltd
MLS120	No.1 South	Granted	60%	Tanami (NT) Pty Ltd
MLS121	No.2 South	Granted	60%	Tanami (NT) Pty Ltd
MLS122	No.3 South	Granted	60%	Tanami (NT) Pty Ltd
MLS123	No.4 South	Granted	60%	Tanami (NT) Pty Ltd
MLS124	No.1 North	Granted	60%	Tanami (NT) Pty Ltd
MLS125	No.2 North	Granted	60%	Tanami (NT) Pty Ltd
MLS126	No.3 North	Granted	60%	Tanami (NT) Pty Ltd
MLS127	No.4 North	Granted	60%	Tanami (NT) Pty Ltd
MLS128	No.5 North	Granted	60%	Tanami (NT) Pty Ltd
MLS129	No.6 North	Granted	60%	Tanami (NT) Pty Ltd
MLS130	East Block	Granted	60%	Tanami (NT) Pty Ltd
MLS131	No. 5 South	Granted	60%	Tanami (NT) Pty Ltd
MLS132	No. 6 South	Granted	60%	Tanami (NT) Pty Ltd
MLS133	South East Block	Granted	60%	Tanami (NT) Pty Ltd
MLS153	Tanami Extended	Granted	60%	Tanami (NT) Pty Ltd
MLS167	Matilda	Granted	60%	Tanami (NT) Pty Ltd
MLS168	Enterprise	Granted	60%	Tanami (NT) Pty Ltd
MLS180	Molech	Granted	60%	Tanami (NT) Pty Ltd

<sup>1</sup> Renewal lodged 10 July 2019

<sup>2</sup> Renewals lodged 22 May 2019

<sup>3</sup> Application for EL28613 withdrawn and replaced with new application for same ground with ELA 32149