



TANAMI GOLD NL ANNUAL REPORT 2009



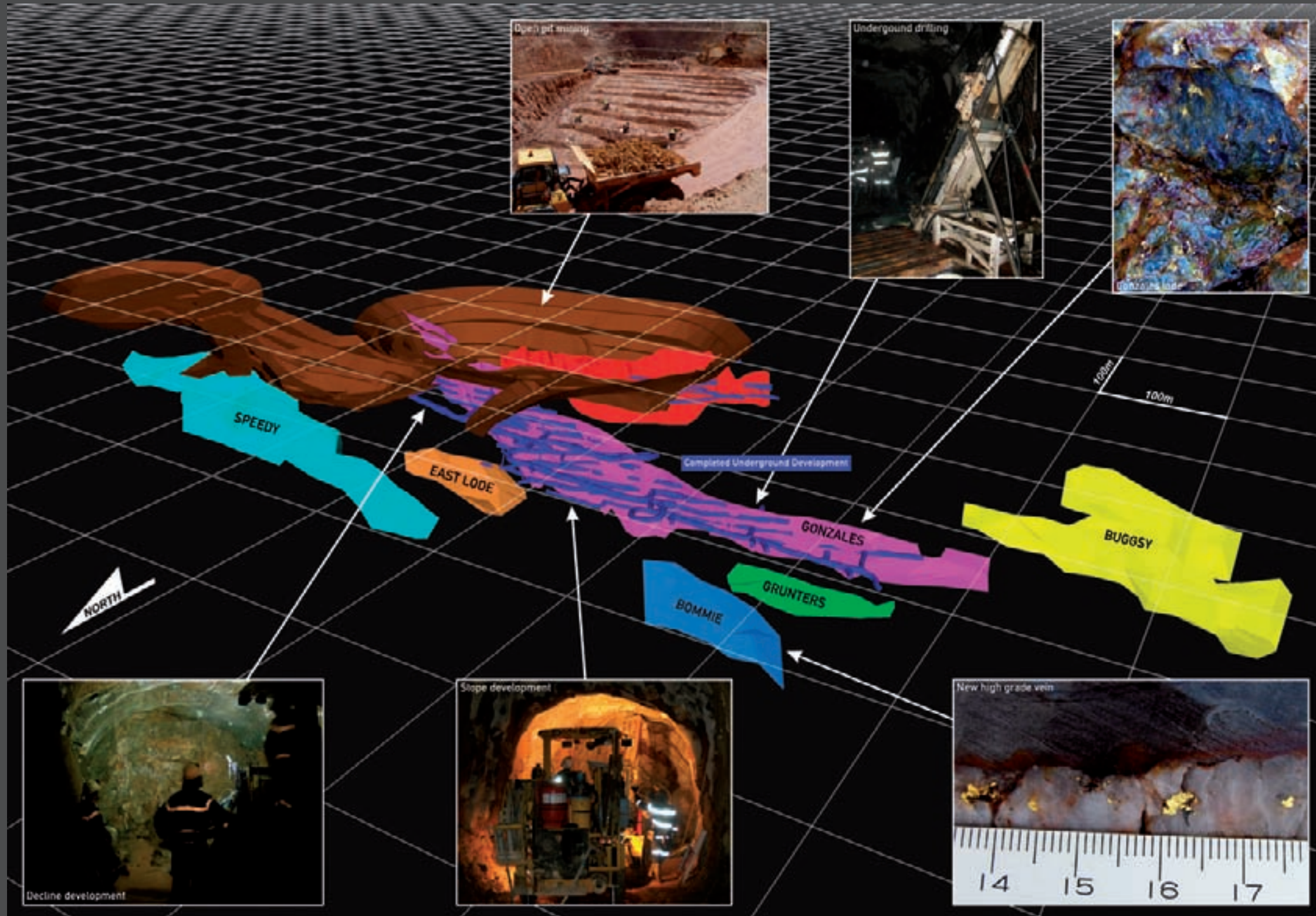
Cover photo courtesy of Jeremy Shepherdson.

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ANNUAL
REPORT
2009

COYOTE GOLD PROJECT
3D PERSPECTIVE OF OPEN PITS AND UNDERGROUND MODEL



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DEAR SHAREHOLDER

I am very pleased to report that excellent progress has been made during the past year at the Company's Coyote Gold Project resulting in the mine now operating at the targeted production level of 50,000 ounces per annum with further upside expected.

Following a number of operational changes including the establishment of our own underground mining team, the Company's operations have benefited from a substantial decrease in operating costs, a steady increase in underground development, and a steady increase in gold production. In addition, open pit mining recommenced in January 2009 which further contributed to the overall improvement.

I would like to thank our new Managing Director, Graeme Sloan, his excellent operations managers and the entire Tanami team for their commitment and dedication throughout the year. It is through their considerable efforts and belief in the Coyote Gold Project that we have seen a major turnaround in the performance of the operations and the Company's share price.

I also thank our loyal shareholders who backed the Company in late 2008 by participating in the \$11 million rights issue at a time when the Company was experiencing difficulties in developing the Coyote mine during a very difficult period in global markets. The support of our shareholders has also contributed to the major turnaround in the performance of the Company's operations and share price.

In addition to the operational improvements, it is also very pleasing to note that exploration drilling has recommenced with initial results demonstrating the significant upside potential of the project area.

The Directors are confident that the underground diamond drill program which is currently underway and the regional drill program, due to commence in November 2009, will deliver positive results and further shareholder value.

To date, very little surface exploration has tested our highly prospective tenement holdings and with Coyote now performing well, the Company is for the first time, well placed to ramp up its exploration programs which we are very confident will be successful.

The Review of Operations section of this Report summarises what has been achieved during the year and what is planned going forward.

The Board looks forward to further improvements at Coyote and participating with you in the future success of your Company.

Yours faithfully



DENIS WADDELL
Chairman



Mining underground at Coyote

COYOTE GOLD PROJECT

Over the past year the Company's key focus and challenge has been the development of the Coyote underground and the recommencement of the Coyote open pit. A total of 23,320 ounces of gold was produced from the Coyote operations for the year [see Table 1] with gold sales totalling 26,265 ounces. Production is forecast to increase to around 50,000 ounces in the 2009-2010 financial year.

Production has progressively increased over the 2009 year [see Figure 1] as a result of higher grade tonnes from underground, the recommencement of open pit operations and operational improvements across the mine site.

Ore was predominately sourced from Coyote underground development activities and supplemented with ore from the Coyote Open Pits 1 and 2. Production from these pits commenced in January 2009 and was completed in August 2009 at which time the open pit mining fleet was relocated to Bald Hill.

The Company achieved a number of key production measures during 2009, one of which has been an annualised production rate of 50,000 ounces per annum which was achieved for the month of June (total gold production of 4,255 ounces). Importantly, forecast gold production for the September Quarter is on track to significantly exceed the Company's targeted 10,000 ounce production forecast.

Further increases in gold production are expected to continue as additional stoping blocks are brought on-line, open pit operations at Bald Hill reach optimum levels and further operational improvements are locked in.

Figure 1
Coyote Gold Project production for year to 30 June 2009.

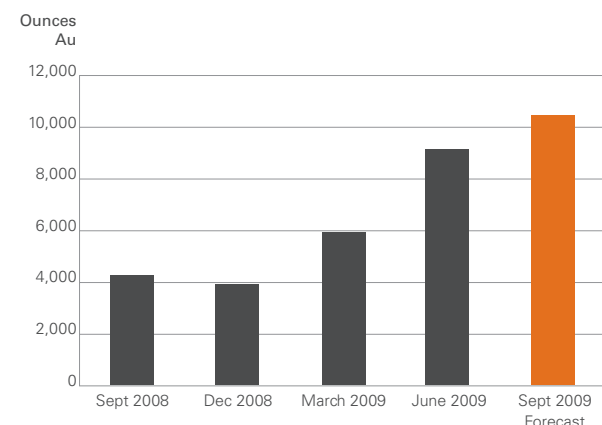


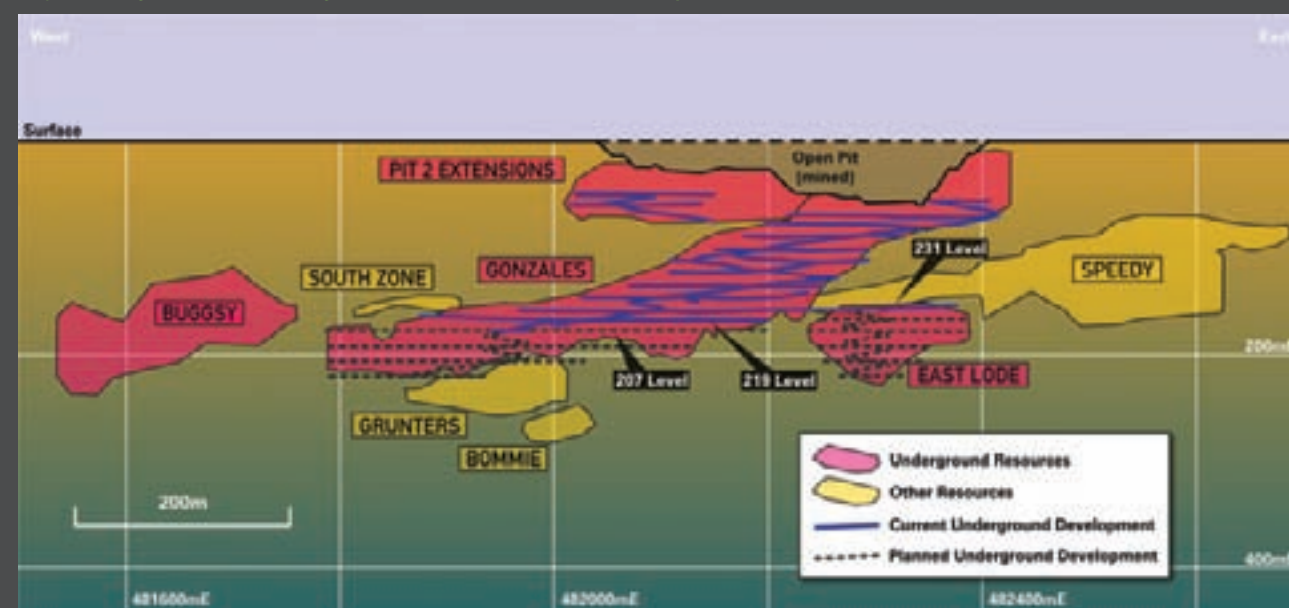
Table 1
Production Summary for year to 30 June 2009.

Qtr	Underground			Other			Total				Average	
	Tonnes	Grade g/t	Ounces	Tonnes	Grade g/t	Ounces	Tonnes	Grade g/t	Ounces	Recovery	Gold Sales Ozs	Sale Price/oz \$A
Sep 08	7,900	9.1	2,206	15,900	4.2	2,055	23,800	5.8	4,261	96.4	8,751	985
Dec 08	16,500	6.1	3,120	27,700	1.0	832	44,200	2.9	3,952	96.2	4,008	1,169
Mar 09	16,500	9.4	4,848	14,700	2.5	1,123	31,200	6.1	5,971	97.0	5,691	1,345
June 09	33,000	7.0	7,242	15,400	3.9	1,894	48,400	6.0	9,136	97.4	7,815	1,220
YTD Total	73,900	7.6	17,416	73,700	2.6	5,904	147,600	5.1	23,320	96.8	26,265	1,161

Coyote treatment plant looking north



Figure 2
Coyote Long Section, showing actual and forecast mine development.



MINE PRODUCTION & GEOLOGY

GONZALES UNDERGROUND MINE

During the year significant advancement was made on the Gonzales ore body, with the main decline progressing from the 290RL to the 207RL [approximately 80 vertical metres]. Ore levels were developed from the 340RL to the 219RL at 12 metre vertical intervals with most reaching between 200-300 metres in length.

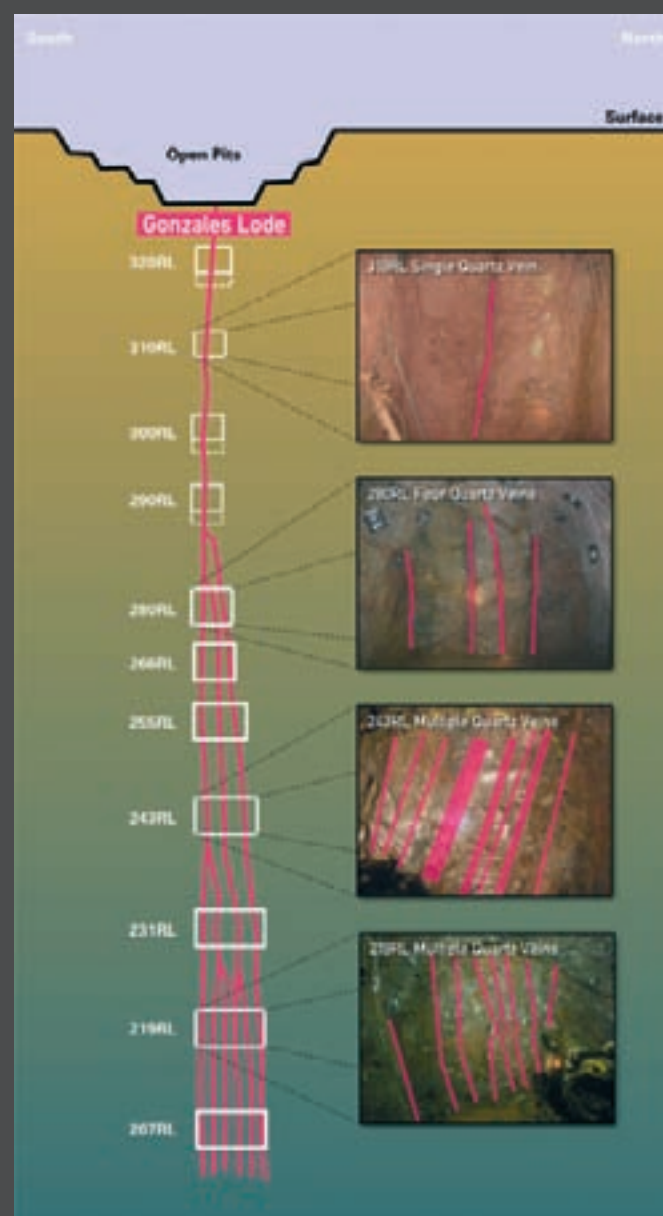
Ore was primarily derived from level development, with stoping activities progressively contributing to ore production from the March 2009 Quarter onwards. Total underground production for the twelve months to 30 June 2009 was 74,000 tonnes at 7.6g/t for 17,400 ounces gold.

For the 2009 year, the reconciliation between actual gold production and the Company's calculated Mineral Resource Estimate was 99%. This is an excellent outcome and provides further confidence in the overall Coyote geological model.

Early development of the main Gonzales Lode centred on a single high grade quartz reef in the upper oxidised section of the ore body, however as the mine was deepened the mineralised zone was transformed from this single vein into a much wider zone comprising multiple stacked quartz veins [see Figure 3] with some mineralised widths reaching up to 10-12 metres. Despite the overall width of the mineralised zone increasing, for the most part there was only a relatively small decrease in overall grade. The additional width of the ore zone has allowed the Company to change from small scale air-leg mining to the more productive mechanised mining practice.

At the 231 Level [approximately 160 metres below surface] the ore drive intersected up to ten parallel quartz veins over a 5 metre wide drive face width. Although not all of the veins are mineralised, the average grade for the 285 metres of level development averaged 6.2 g/t Au over an average width of 4.1 metres. Within each level are also higher grade zones which can be easily accessed from current development including the 243 level [107 metres, average width of 4.6 metres at a grade of 9.2g/t Au] and the 280-270 decline [100 metres, average width 4.6 metres at a grade of 8.8 g/t Au]. Initial development of the 207 and 219 levels appears to show an increase in visible gold however, further work is still to be complete to determine the percentage comparison with the upper zones.

Figure 3
Schematic cross-section through the Gonzales underground ore-body, showing the multiple stacked veining and overall ore width increasing with depth.



Underground Jumbo in operation

OPEN PITS

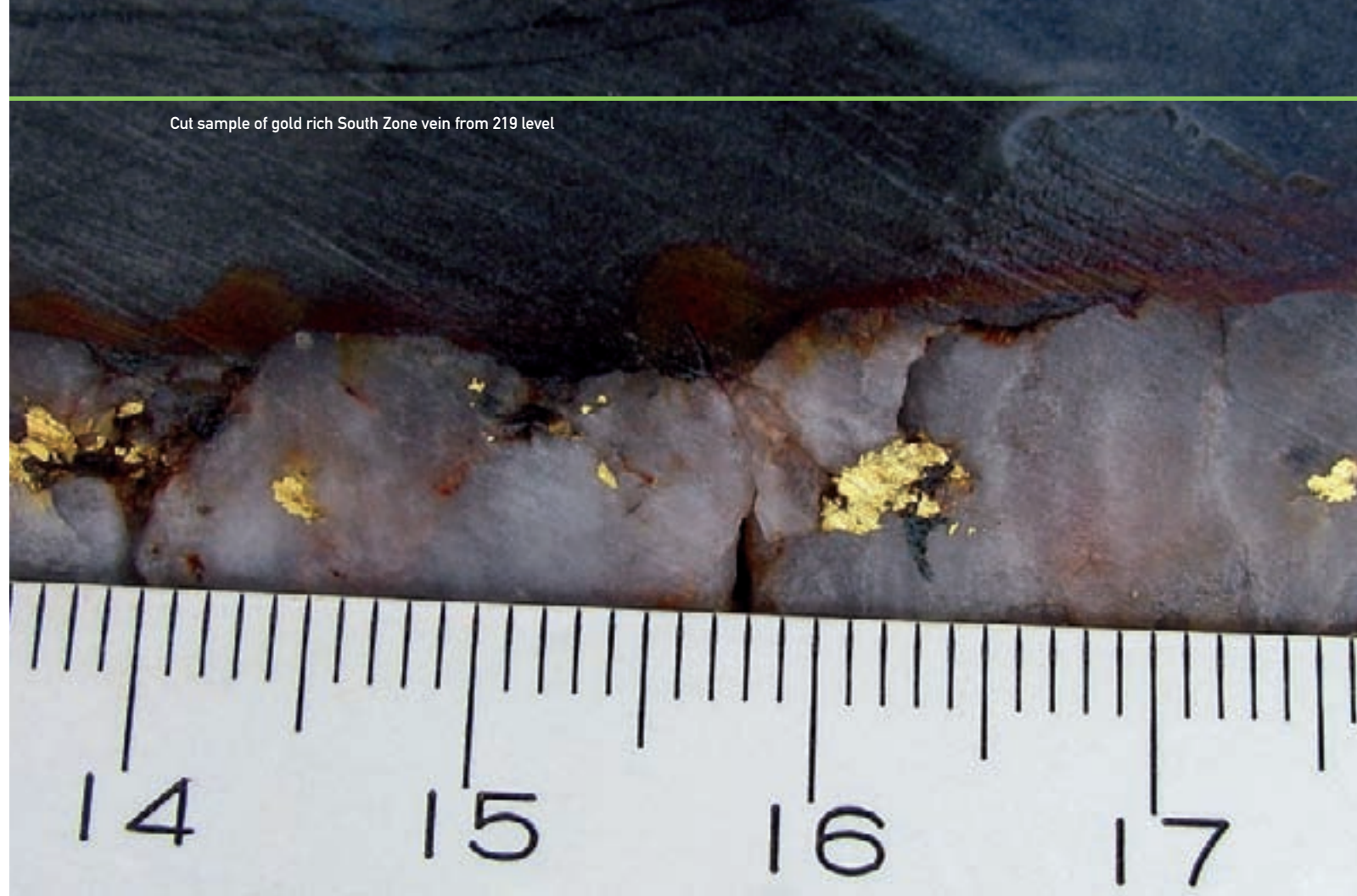
Pit mapping and ore reinterpretation studies were conducted over Coyote Pits 1 and 2 during the second half of 2008, resulting in a new resource estimation and open pit optimisation being completed. Based upon these studies, open pit mining recommenced at Coyote in early 2009 comprising cutbacks on Pits 1 and 2 to extract ore in the floors and walls of the open pits.

Mining was completed in August 2009 with total reconciled mine production of 51,126 tonnes at 4.3 g/t for 7,146 ounces.

Following a 14 month hiatus that allowed further mapping and feasibility studies to be completed on the Kookaburra and Sandpiper gold deposits at Bald Hill [approximately 35 kilometres north of the Coyote processing plant], open cut mining operations recommenced in August 2009.

Open cut mining at Bald Hill will be undertaken in a staged approach with Stage 1 and 2 expected to produce 130,000 tonnes at 3.0 g/t Au for 12,500 ounces. Stages 3 and 4 will depend on the outcome of the first two stages and if undertaken will provide mill feed at similar grades for around 12 months.

Recent open pit mining operations at Sandpiper, 35 kilometres north of Coyote. Ore blocks are shown in blue outline.



RESOURCES AND RESERVES

The Resources and Reserves presented below represent the previously published Mineral Resource and Reserve Estimate at 31 December 2008, depleted for mining carried out at Coyote over the six months to 30 June 2009.

The Coyote Gold Project Mineral Resource Estimate is scheduled to be updated in late 2009/early 2010 following completion of the current exploration and resource development drilling programs at Coyote and Bald Hill. Following this an updated Reserve estimate will also be calculated and is expected to be finalised early 2010.

Table 3
Coyote Gold Project Mineral Resource Estimate at 30 June 2009.

Deposit	Indicated			Inferred			TOTAL		
	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces
Coyote	355,000	15.5	176,000	274,000	7.9	70,000	629,000	12.2	246,000
Sandpiper	321,000	3.7	38,000	471,000	3.3	50,000	792,000	3.4	88,000
Kookaburra	668,000	2.7	58,000	343,000	2.2	24,000	1,011,000	2.5	82,000
Pebbles	-	-	-	76,000	2.5	6,000	76,000	2.5	6,000
Total	1,344,000	6.3	272,000	1,164,000	4.0	150,000	2,508,000	5.3	422,000

- Notes:
1. The Mineral Resource Estimate is reported at a 1 g/t Au lower cut-off.
 2. Tonnes are rounded to the nearest '000 and grade to 0.1g/t.
 3. Resource estimation of the Coyote and Sandpiper deposits was completed by Mr Steven Nicholls, an employee of Tanami Gold NL. The Kookaburra resource estimation was conducted by Mr Peter Ball of Datageo Geological Consultants. Mr Ball also audited the Coyote and Sandpiper Resource Estimates. The Pebbles Resource estimate was previously completed in 2007 by Mr Malcolm Titley of CSA Australia Pty Ltd. Messrs Ball, Nicholls and Titley are Competent Persons as defined by the JORC code and have given permission to the publication of this information in the form in which it appears.
 4. The resource estimations were completed using Micromine, Vulcan, Surpac and Datamine software, comprising of inverse distance grade interpolation within a block model constrained by 3D wireframed geological boundaries. The wireframes defining the mineralisation lodes were based on structural, assay and lithological information. Various top cuts were applied to the drill hole samples based on lode domain analysis. Top cuts ranged from 13 to 120 g/t Au.

EXPLORATION

Tanami Gold NL's commitment to explore for new discoveries within its large and highly prospective landholdings located in the Tanami-Arunta Province of Western Australia and the Northern Territory is vital to the Company's growth and future success.

Given the Company's extremely large and prospective land holding throughout the Northern Territory and Western Australia, on 12 August 2009 the Company announced the formation of a strategic exploration alliance with ABM Resources NL ("ABM") for ABM to explore for gold, copper and other minerals in the highly prospective Tanami-Arunta Province in the Northern Territory. The alliance will involve Tanami Gold transferring its Northern Territory tenements to ABM who must spend a minimum of \$10 million on the tenements over a two year period subject to access conditions.

In consideration for the transfer of Tanami Gold's NT tenements to ABM, the Company will receive:

- \$1,500,000 cash.
- 265,000,000 fully paid ordinary shares in ABM at no consideration. Such shares will be subject of a 12 month voluntary escrow period.

- 150,000,000 unlisted options with an exercise price of 1.5 cents and an expiry date of 5 years. The exercise of the options is conditional upon ABM's shares trading at or above a minimum VWAP of 3 cents over 20 consecutive ASX trading days.
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- One seat on the ABM Board.

Tanami Gold will be the single largest shareholder in the restructured ABM with an initial equity position of around 26%.

The aim of the transaction is to fast track exploration of the highly prospective and underexplored gold and copper region in the Tanami-Arunta province. ABM will be a pure exploration company that will be well funded and have a highly experienced geological team that will leverage off the work already completed by Tanami Gold.

Figure 4
Tanami Gold NL land portfolio.

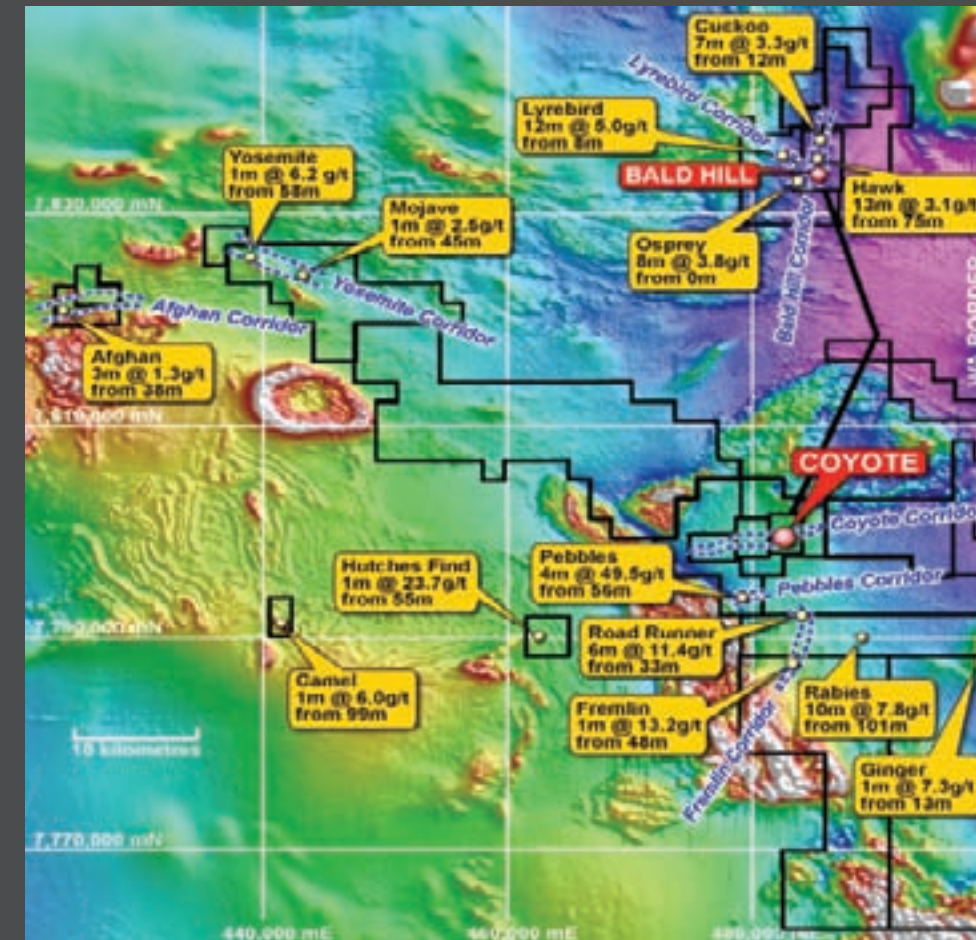


The Tanami-ABM alliance will allow Tanami Gold to focus its funding and resources on its WA targets with the aim of providing additional mill feed to the Coyote plant much sooner than if it had to spread funds and resources across both WA and the NT. The NT tenement package to be transferred consists of granted exploration licences covering 2,210 square kilometres and exploration licence applications covering 21,334 square kilometres [refer Figure 4]. The technical advisor to ABM is world renowned exploration geologist Dr Nick Archibald who will help guide ABM's exploration programs and the Tanami Gold-ABM link.

Tanami Gold has established a strong working relationship with the Traditional Owners and the Central Land Council in carrying out its exploration programs over many years. The new Tanami Gold-ABM exploration alliance is committed to continuing this relationship.



Figure 5
Tanami Gold NL Western Australian landholdings and advanced prospects.



Western Australian Exploration Activities

The Company's Western Australian tenement holding comprises 2,267 square kilometres of highly prospective landholding surrounding the Coyote and Bald Hill mine areas.

Following a 12 month hiatus of all near mine and regional exploration, the Company recommenced exploration activities on its Western Australian tenements in August 2009.

Exploration will focus on three main areas:

- **Coyote In-Mine Exploration** – diamond core drilling from underground positions to upgrade and extend resources and test deeper targets.
- **Near-Mine / Brownfields Exploration** – drilling at numerous advanced drill prospects with the aim to identify new satellite or stand-alone open cut and underground gold resources.
- **Regional Exploration** – drilling programs to test highly prospective under-explored geological terrane in the main Trans-Tanami corridor and south of Coyote.

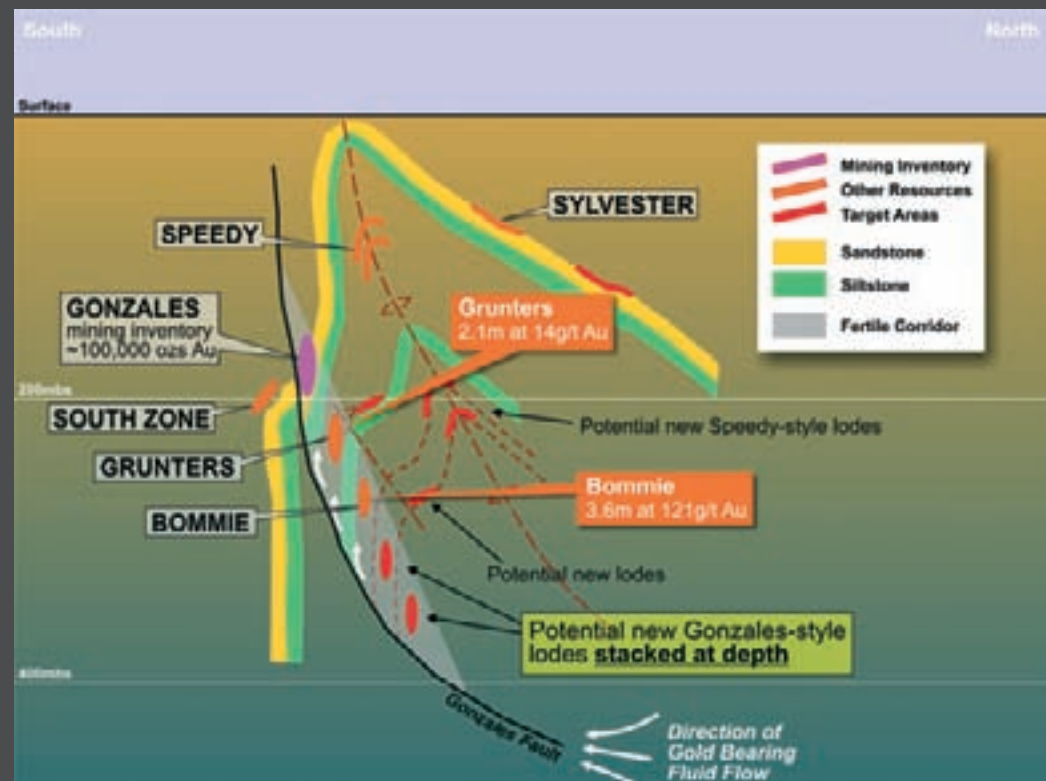
Initial exploration comprised a 9,000 metre underground diamond drill program at the Coyote Gold Mine. To date, this program has returned a number of significant intersections. Although assay results have yet to be received, a number of the intersections contained visible gold and will be systematically followed up over the coming year.

In addition to the in-mine targets at Coyote and Bald Hill, over 30 walk up drill targets have been identified on the Company's Western Australian tenements. Shallow RAB drilling has been carried out on most of these targets with a number showing high grade intersections [see Figure 5] which will be the focus of the upcoming surface exploration program expected to commence October 2009.

Coyote Exploration

As previously mentioned a 9,000 metre underground diamond core drilling program commenced August 2009 at Coyote Gold Mine. The aim of the program is to extend existing resources, convert additional resources to reserves and test new targets.

Figure 6 Schematic cross-section through Coyote showing target positions to be drilled as part of the latest underground diamond core drilling program.



Finch Prospect looking west

Results to-date have been highly encouraging with intercepts of veining containing visible gold from the Bommie, GrunTERS and South lodes. Assays are pending for all drilling completed to date.

The drilling has successfully extended the strike and dip extents of the lodes targeted which will have a significant impact on increasing resources/reserves and mine life.

Assay results returned to date for the 2009 drilling program are tabulated below.

Additional drill targets at Coyote include testing for extensions to the existing Buggsy, East and Speedy lodes, and drilling deeper positions within the highly prospective hanging-wall zone above the Gonzales Fault which has the potential to host multiple stacked-lodes at depth [see Figures 2 and 6].

Regional Exploration

As part of the Company's overall exploration strategy for the Tanami area, an extensive surface drill program is planned for the Company's Western Australian Tanami landholding.

Over 30 advanced drill targets, all within 50-70 kilometres of the Coyote treatment plant, have been identified through previous exploration programs and in-house geological modelling. These targets will be prioritised and systematically drilled over the next 12-24 months.

The prospectivity of the Western Tanami region has been further reinforced by the results of a recently completed study undertaken over the past three years by the Centre for Exploration Targeting at the University of Western Australia. The study, which was sponsored by Tanami Gold, integrated geophysical, gravity, seismic and structural geology data using an approach not previously employed in the Tanami region.

The result of the study is a four dimensional interpretation of the Tanami geology and gold mineralisation which has identified a number of significant drill targets. The study will be used in conjunction with the Company's target generation process to rank and prioritise prospective targets for drill testing.

A surface RC percussion and diamond core rig has been secured, with plans to commence exploration drilling in October 2009.

Table 4 Coyote Drilling Program 2009 – Significant Gold Assays (+10g/t Au).

Hole ID	Depth From (metres)	Depth To (metres)	Down Hole Width (metres)	Au grams/tonne (uncut)	Lode System
CYUG16	95.7	96.0	0.3	184.0	Bommie
CYUG17	109.0	109.3	0.3	79.7	Bommie



Photograph courtesy of Jeremy Shepherdson

ENVIRONMENT

The Company holds various environmental licences and authorities to regulate its mining and exploration activities in the Tanami Region. These licences entail conditions and regulations which specify limits on discharges to the environment, monitoring regimes, and the rehabilitation of areas disturbed during the course of mining and exploration activities. The company is also registered with the National Greenhouse Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use.

The Company recognises there is a fundamental requirement to conduct its operations in an environmentally responsible manner and is committed to a high standard of environmental performance.

The management of the Company's mining and exploration activity is reviewed by environmental consultants as well as environmental and mining regulatory authorities.

The Directors are not aware of any significant breach of the Company's licence conditions and all mining and exploration activities continue to comply with all relevant environmental regulations.

The Company's mining operations in Western Australia are regulated under the Mining Act 1978 and Environmental Protection Act 1986.

TJURABALAN TRADITIONAL OWNERS

The Company's relationship with the Tjurabalan People remains a strong focus for Tanami Gold and is a key element in the Company's long term Tanami operating strategy. As part of this strategy, the Company is committed to working with the Tjurabalan Traditional Owners in identifying and implementing employment opportunities for the Tjurabalan people. With gold production now underway at the Company's Coyote Gold Mine, a revenue stream is being generated for the Tjurabalan Native Title Land Aboriginal Corporation Trust which was established as part of the landmark Mining Agreement executed in April 2005 and aimed at providing funds for community benefits and investments.



Veronica Lulu

Photograph courtesy of Jeremy Shepherdson



Pit 2 at Coyote Gold Project



The directors present their report together with the financial report of Tanami Gold NL ("the Company") and the consolidated financial report of the Consolidated Entity, being the Company, its subsidiary and the Group's interest in jointly controlled entities, for the year ended 30 June 2009 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 – Denis P Waddell, ACA, FAICD (appointed 21 July 1995)

Mr Denis Waddell, aged 52, is a Chartered Accountant with extensive experience in the management of exploration and mining companies. Prior to establishing Tanami Exploration NL in 1994, he was the Finance Director of the Metana Minerals NL group. During the past 26 years, he has gained considerable experience in corporate, finance and operations management of exploration and mining companies. Mr Waddell is also the Executive Chairman of Orion Gold NL and was appointed on 27 February 2009.

Managing Director/CEO – Graeme J Sloan, B.App.Sc (Mining) (appointed 18 September 2008)

Mr Graeme Sloan, aged 55, is a Mining Engineer with extensive operational and corporate experience both within Australia and overseas including experience as a Managing Director/CEO of a publicly listed mining company. Mr Sloan's mining experience has been gained in different commodities and includes project development, open pit and underground mining. Prior to joining Tanami Gold NL, Mr Sloan was Managing Director/CEO of Perseverance Limited and resigned in August 2007. Mr Sloan is currently a Non-Executive Director of Orion Gold NL and was appointed on 23 July 2008.

Non-Executive Director – Alan A Senior (appointed 31 July 2007)

Mr Alan Senior, aged 63, is a Consulting Engineer with over 30 years of experience in design and project development mainly associated with the mining and mineral processing industry in Australia. Mr Senior's previous roles include Project Manager for the development of the Cosmos Nickel Mine and the subsequent transition from open cut to underground mining for Jubilee Mines NL. Mr Senior was previously a director of Jubilee Mines NL, resigning on 11 February 2008. Mr Senior is also the independent Non-Executive Chairman of Talisman Mining Limited and was appointed on 7 November 2007.

Non-Executive Director – Lee Seng Hui (appointed 5 March 2008)

Mr. Lee Seng Hui, aged 40, is currently the Chief Executive of Allied Group Limited ("AGL"), a Hong Kong listed company, having been appointed in January 1998. Mr. Lee graduated with Honours from the Law School of the University of Sydney. Mr. Lee previously worked with Baker & McKenzie and NM Rothschild & Sons (Hong Kong) Limited. Following his appointment as a Non-Executive Director of AGL in July 1992, Mr. Lee became an Executive Director in December 1993. He is also a Non-Executive Director and Chairman of Tian An China Investments Company Limited which is a Hong Kong listed company and an associate of AGL. Mr. Lee was previously the Chairman and an Executive Director of Yu Ming Investments Limited (now known as SHK Hong Kong Industries Limited), which is also a Hong Kong listed company and a subsidiary of AGL.

2. COMPANY SECRETARY

Kim Hogg B.Com

Mr Kim Hogg was re-appointed to the position of Company Secretary on 1 June 2007, having previously held the position between April 1998 and December 2005. Mr Hogg has worked in the private sector for the past 16 years as a principal of an accounting practice providing specialist services to clients seeking to raise capital and list on the Australian Securities Exchange (ASX). He has predominately been involved in the preparation of prospectuses and in compliance work as Company Secretary for both listed and unlisted entities, and is currently Company Secretary of several ASX-listed companies.

3. DIRECTORS' MEETINGS

The number of Directors' meetings, including meetings of committees of Directors, and number of meetings attended by each of the Directors of the Company during the financial year:

Director	Board Meetings		Audit Committee Meetings		Remuneration & Nomination Committee Meetings	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
D Waddell	7	7	2	2	1	1
G Sloan	6	6	2	2	1	1
A Senior	7	7	2	2	1	1
SH Lee	7	7	-	-	-	-

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 was gold mining operations and mineral exploration.

5. OPERATING AND FINANCIAL REVIEW

This year has seen the Company achieve a number of significant operational and corporate milestones, a testament to a very solid performance by the entire Tanami team. As part of a company-wide review undertaken early in the year, a strategy was developed to position the Company for long term growth and value return to shareholders.

This Three Phrase Growth and Value Add Strategy can be best summarised as:

1. The consolidation and expansion of the Coyote operations;
2. The rationalisation of the Company's large exploration land holding and the re-commencement of both near-mine and regional exploration; and finally
3. The identification of potential corporate opportunities that would complement the Company's existing assets and expertise and add to its production profile.

The first part of the strategy required a thorough review of the Coyote operations including a comprehensive cost reduction program. The changes implemented following the review resulted in immediate benefits to the Company. One of the more significant, being the transition from underground mining contractor to owner-operator which resulted in improved development rates and a steady increase in gold production for the year culminating in an annualised production rate of 50,000 ounces of gold for the month of June 2009. The Company is now aiming to consolidate around the 50,000 ounces level before progressively ramping up production in the coming year when sufficient mining reserves have been delineated.

The second part of the strategy involved the rationalisation of the Company's very large exploration portfolio in the Tanami-Arunta geological province of Western Australia and the Northern Territory which totalled approximately 25,000 square kilometers. The vast majority of these tenements being situated in the Northern Territory making them outside normal economic trucking distance from the Company's Coyote treatment plant. On 12 August 2009 the Company released an ASX announcement notifying shareholders of the formation of a strategic alliance with ABM Resources NL (ABM) which would allow ABM to explore for gold, copper and other minerals on Tanami Gold NL's Northern Territory tenements.

In consideration for Tanami Gold NL transferring its Northern Territory tenements into the alliance, the Company will receive \$1.5 million cash; it will retain a significant equity position in ABM and will have the option of a seat on the ABM Board. Importantly it will allow the Company to focus all its resources and energy on the remaining highly prospective Western Australian tenements, most of which lie within 50 kilometres (and therefore trucking distance) of the Coyote treatment plant. Thus any additional resources identified on these tenements will translate to high value ounces for the Company. Under the terms of the agreement ABM are required to spend a minimum of \$10 million on the Northern Territory tenements over a two year period.

In addition to the ABM exploration alliance, the Company recently commenced a 9,000 metre underground diamond drill program at the Coyote Gold Mine as part of its near-mine exploration program and is also planning to commence a regional exploration program in late October 2009. At this stage both programs have an expected duration of around twelve months however given the very encouraging drill intersections achieved to date from the underground program, the Company is already looking to increase its overall exploration budget.

The third and final part of the strategy is the identification of corporate opportunities to complement the Company's existing assets and to increase its production profile. To date a number of opportunities have been identified and will continue to be evaluated in the coming year.

Coyote Gold Project

Mine production for the 2009 year totalled 23,320 ounces [147,600 tonnes at 5.1 g/t Au] the majority of which was sourced from Coyote underground development ore supplemented with minor stope production [73,900 tonnes at 7.6 g/t for 17,416 ounces] and the remainder from open pit operations and the treatment of low grade stockpiles [73,700 tonnes at 2.6 g/t for 5,904 ounces]. Production steadily increased Quarter-on-Quarter throughout the year as the Coyote underground and open pit operations were progressively developed. This resulted in a very positive production trend which is expected to continue into the new year with the September 2009 Quarter production forecast to be around 10,000-11,500 ounces. Following the cessation of mining in Coyote Pit 1 and 2 in August 2009, surface mining operations have been relocated to the Bald Hill area approximately 35 kilometres north of the Coyote treatment plant. Initial mining activities for Stage 1 are expected to continue for 6-9 months and depending on the results, a second phase of mining could add a further 6-12 months mine life. This will provide sufficient time for potential surface resources to be delineated from one of the many prospective exploration targets identified in the immediate vicinity of the Bald Hill and Coyote operations.

Given the 2009 year was predominately focused on developing the Coyote Gold underground operations, the Company recorded a loss for the 2009 financial year of approximately \$21.0 million; however this was inclusive of an additional \$5.8 million amortisation charge for previously capitalised Coyote Open Pit expenditure. This charge was recognised in the accounts as at 30 June 2009 as the Company has substantially completed its Coyote Open Pit operations. Total operating expenditure for the year was \$51.7 million, capital development expenditure was \$7.2 million and infrastructure and other capital projects expenditure was \$4.4 million.

Despite the loss, earnings before interest, tax, depreciation and amortisation (EBITDA) improved significantly from a loss of \$32.6 million in 2008 to a loss of \$5.91 million for the year ended 30 June 2009 an 82% improvement on the 2008 financial year. Total debt as at 30 June 2009 was approximately A\$6.1 million [part of a HK\$49.5 million (approximately A\$7.87 million) loan facility with AP Finance Limited]. This facility was due for repayment in September 2009; however an agreement has been reached with AP Finance Limited to increase the loan facility to HK\$68 million (approximately A\$10.1 million) and reduce the interest rate to 12% per annum with effect from 1 October 2009.

In summary, the past twelve months has been one of challenge and triumph for the Company. Despite the challenge of developing a mine in the midst of a never seen before global financial crisis, rising costs and a severe shortage of qualified and experienced personnel, the Company has steadily increased production to a point where it achieved a number of cash flow positive months in the latter part of the year and importantly positioned itself for a strong 2010. In addition, the Company has re-commenced underground exploration at Coyote and to date has achieved a number of very promising results including the discovery of a new mineralised zone in the footwall of the main Coyote Fault. The task now ahead of the Company is to build on this operational and exploration success and to position itself to take advantage of a continued strong gold price.

5. OPERATING AND FINANCIAL REVIEW (CONTINUED)

The Board has a strong belief in the Tanami gold province and believes the Company is well placed to deliver real shareholder value from its Coyote operations and Western Australian exploration program and its strategic alliance with ABM Resources NL.

Exploration

In August 2008 exploration activities were suspended across the Company's Western Australia and Northern Territory landholdings in order to focus all its resources on the successful commissioning of the Coyote Underground. Twelve months later the Company has commenced the first stage of its new exploration program comprising of a 9,000 metre underground diamond core program and has plans for a surface diamond and reverse circulation drill program to commence in October 2009.

In summary the 2009-10 exploration program will focus on three areas:

- **Coyote In-Mine Exploration** - diamond core drilling from underground positions to upgrade and extend resources and test conceptual targets at depth;
- **Near-Mine / Brownfields Exploration** - drilling at numerous advanced drill prospects with the aim to identify new satellite or stand-alone open cut and underground gold resources; and
- **Regional Exploration** - drilling programs to test highly prospective under-explored geological terrane in the main Trans-Tanami corridor and south of Coyote.

Corporate

Share Placements

On 24 October 2008 the Company announced the successful completion of a fully underwritten, pro-rata renounceable entitlements issue of 2,358,926,706 shares on the basis of two (2) shares for every one (1) share held at an issue price of 0.5 cents per share to raise \$11.79 million before issue costs.

Financial Result

The Consolidated Entity incurred a loss of \$21,029,451 (2008: \$32,585,921) for the year. This loss included:

- An additional amortisation charge of \$5,818,424 (2008: Nil) for previously capitalised Coyote Open Pit expenditure. This charge was recognised in the accounts as at 30 June 2009 as the Company has substantially completed its Coyote Open Pit operations.
- A write off of exploration expenditure totalling \$846,864 (2008: \$2,742,606)

Growth Strategy

The Company's growth strategy is to:

- Consolidate then expand the Coyote operations;
- Rationalise the Company's large exploration land holding and re-commence both near-mine and regional exploration; and finally
- Identify potential corporate opportunities that compliment the Company's existing assets and expertise and increase its production profile.

6. ENVIRONMENTAL REGULATION

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 STATE OF AFFAIRS

Significant changes in the state of affairs of the Consolidated Entity during the financial year.

- As set out in section 5 above, to fund the development of the Coyote Gold Project and to provide working capital and exploration funding, the Company successfully completed a fully underwritten, pro-rata renounceable entitlements issue of 2,358,926,706 shares on the basis of two (2) shares for every one (1) share held at an issue price of 0.5 cents per share to raise \$11.79 million before issue costs.
- On 1 September 2008 the Company entered into a loan agreement with AP Finance Limited under which AP Finance Limited agreed to lend the Company up to HK\$14.5 million (approximately A\$2.30 million as at 30 June 2009) at an interest rate of 15% per annum. The Company must repay the Loan in full by 30 September 2009 or at any time within 60 days of receipt of a notice of repayment from AP Finance Limited. The ultimate holding company of AP Finance Limited is Allied Group Limited, an entity associated with Mr Lee Seng Hui, who is a Director of the Company.
- On 12 September 2008, the Company entered into a loan agreement with AP Finance Limited under which AP Finance Limited agreed to lend the Company up to HK\$35 million (approximately A\$5.57 million as at 30 June 2009) at an interest rate of 15% per annum. The Company must repay the Loan in full by 30 September 2009 or at any time within 60 days of receipt of a notice of repayment from AP Finance Limited. The ultimate holding company of AP Finance Limited is Allied Group Limited, an entity associated with Mr Lee Seng Hui, who is a Director of the Company.

8. DIVIDENDS

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

9. EVENTS SUBSEQUENT TO REPORTING DATE

Strategic Exploration Alliance with ABM Resources NL

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

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

- 1.5 million dollars cash;
- 265 million fully paid ordinary shares in ABM (27.3% estimated initial equity position) at no consideration. Such shares will be subject to a 12 month voluntary escrow period;
- 150 million unlisted options with an exercise price of 1.5 cents and an expiry date of 5 years. The exercise of the options is conditional upon ABM's shares trading at or above a minimum VWAP of 3 cents over 20 consecutive ASX trading days;
- 150 million unlisted options with an exercise price of 1.5 cents and an expiry date of 5 years. The exercise of the options is conditional upon ABM's shares trading at or above a minimum VWAP of 3.5 cents over 20 consecutive ASX trading days; and
- One seat on the ABM Board.

The strategic exploration alliance with ABM is conditional upon the satisfaction of the following:

- Completion of due diligence by both parties on the tenements, to the satisfaction of both parties at their sole and absolute discretion;
- Tanami Gold NL and ABM obtaining all necessary approvals, consents or waivers to give effect to the transaction;
- Tanami Gold NL and ABM entering into a formal agreement to more fully document the terms of the acquisition;
- ABM raising a minimum of \$5 million for the acquisition and associated costs on terms satisfactory to ABM;
- Tanami Gold NL and ABM entering into a storage agreement on terms acceptable to both parties; and
- Tanami Gold NL obtaining the consent of the Central Land Council to assign all of the Company's native title rights and Deeds for Exploration entered into with the Central Land Council and Traditional Owners relating to the tenements to ABM on terms that are no less favourable to ABM.

Loan Facility with AP Finance Limited

The Company has the following two unsecured loan facilities with AP Finance Limited as at 30 June 2009:

- An unsecured loan facility for HK\$14.5 million (drawn down to HK\$13.4 million) as at 30 June 2009. This equates to an Australian dollar facility of approximately \$2.30 million (drawn down to \$2.13 million); and
- An unsecured loan facility for HK\$35 million (drawn down to HK\$25.1 million) as at 30 June 2009. This equates to an Australian dollar facility of approximately \$5.57 million (drawn down to \$3.99 million).

Both of these loans have an interest rate of 15% per annum and are due for repayment on 30 September 2009. On 18 September 2009 (and prior to the expiry of these two unsecured loan facilities), the Company entered into a new loan agreement with AP Finance Limited.

Under the terms of the new agreement, the two existing loan facilities will be rolled into a single new (and increased) loan facility with the following key provisions:

- AP Finance Limited has agreed to lend the Company up to HK\$68 million (approximately A\$10.1 million) at an interest rate of 12% per annum; and
- The Company must repay the Loan in full by 31 December 2010.

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

10. LIKELY DEVELOPMENTS

The Company will continue to develop, operate and progress the expansion of the Coyote Gold Project and has committed to undertaking a comprehensive underground and surface exploration program on its Western Australian tenements.

11. DIRECTORS' INTERESTS

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

Director	Relevant Interests of Directors in Securities of Tanami Gold NL		
	Fully Paid Shares	Contributing Shares	Unquoted Options
D Waddell	70,080,000	-	15,000,000
G Sloan	-	-	-
A Senior	700,000	-	3,500,000
SH Lee*	889,557,408	-	-

* These shares are held by Allied Properties Resources Limited and its associate Eurogold Limited. Eurogold Limited is 49.37% indirectly owned by Allied Properties (HK) Limited, which is an intermediate holding listed company of Allied Properties Resources Limited. The ultimate holding company of Allied Properties Resources Limited is AGL, a company in which Mr. Lee Seng Hui (together with other trustees of Lee and Lee Trust) has an interest of 44.54%. Accordingly, Mr. Lee Seng Hui is taken to have a relevant interest in the 889,557,408 shares held by Allied Properties Resources Limited and Eurogold Limited.

12. SHARE OPTIONS

Options granted to Directors of the Company

During the financial year, no options were granted to the Directors of the Company.

Options granted to Executive Officers of the Company

During the financial year, the Company granted options for no consideration over unissued ordinary shares in Tanami Gold NL to the following most highly remunerated officers of the Company as part of their remuneration package:

Executive Officers	Number of Options Granted	Exercise Price	Expiry Date
G Cheong	1,000,000	\$0.013	28 February 2014
J Latto	1,000,000	\$0.013	28 February 2014
T Smith	1,000,000	\$0.013	28 February 2014
R Walker	10,000,000	\$0.013	28 February 2014
	13,000,000		

All options were granted during the financial year. No options have been granted since the end of the financial year to Executive Officers of the Company.

Unissued shares under option

At the date of this report the unissued ordinary shares in Tanami Gold NL under option are:

Number	Type	Exercise Price (\$)	Expiry Date
15,000,000	Unquoted	\$0.225	20 October 2009
450,000	Unquoted	\$0.225	22 November 2009
900,000	Unquoted	\$0.18	22 November 2009
1,150,000	Unquoted	\$0.15	31 March 2012
1,750,000	Unquoted	\$0.20	22 November 2012
1,750,000	Unquoted	\$0.15	22 November 2012
22,000,000	Unquoted	\$0.013	28 February 2014
43,000,000			

During the year no options lapsed unexercised and the following options were forfeited on cessation of employment:

Exercise Price (\$)	Number of Options	Grant Date	Expiry Date
\$0.18	350,000	1 December 2005	22 November 2009
\$0.15	750,000	30 April 2007	31 March 2012
\$0.20	5,000,000	18 July 2007	18 July 2012
\$0.15	5,000,000	18 July 2007	18 July 2012
	11,100,000		

12. SHARE OPTIONS (CONTINUED)

Share options issued

The following options over ordinary shares were issued by the Company during or since the end of the financial year:

Exercise Price (\$)	Number of Options	Grant Date	Expiry Date
\$0.013	22,000,000	3 March 2009	28 February 2014
	22,000,000		

The options issued above include those issued to Executive Officers referred to above.

Shares issued on exercise of options

No ordinary shares were issued by the Company as a result of the exercise of options during or since the end of the financial year.

13. REMUNERATION REPORT – AUDITED

13.1 Principles of compensation

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and the Group, including directors of the Company and other executives. Key management personnel comprise the directors of the Company and executives for the Company and the Group including the five most highly remunerated Company and Group executives.

Compensation levels for key management personnel of the Company, and relevant key management personnel of the Group are competitively set to attract and retain appropriately qualified and experienced directors and executives. The Remuneration and Nomination Committee obtains independent advice on the appropriateness of compensation packages of both the Company and the Group, which take into consideration trends in comparative companies both locally and internationally.

The compensation structures 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 directors subject to approval by shareholders in general meeting.

The Board has no established retirement or redundancy schemes.

13.1.1 Fixed compensation

Fixed compensation consists of base compensation as well as employer contributions to superannuation funds.

Compensation levels are reviewed annually by the Remuneration and Nomination Committee through a process that considers individual and overall performance of the Group. In addition, external consultants provide analysis and advice to ensure the directors' and senior executives' compensation is competitive in the market place. A senior executive's compensation is also reviewed on promotion.

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 2009.

13.1.3 Equity-based compensation (Long-term incentive bonus)

The Remuneration and Nomination Committee has introduced equity-based long-term incentives (LTIs) 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.

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 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.

The Company has put in place an Employee Option Plan. Options may only be issued to Directors subject to approval by shareholders in general meeting.

The Group does not have, but is in the process of developing, 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.

13.1.4 Consequences of performance on shareholder wealth

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. Currently, this is facilitated through the issue of options to executive directors and executives to encourage alignment of personal and shareholder interests.

13. REMUNERATION REPORT (CONTINUED)

13.1.5 Service contracts

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

Mr Graeme Sloan – Managing Director/CEO

Mr Sloan has a contract of employment with the Company dated 18 September 2008. The contract specifies the duties and obligations to be fulfilled by the Managing Director/CEO. The contract may be terminated by the Company by the provision of 6 months notice or by Mr Sloan on the provision of 3 months notice.

Mr Geoff Cheong – Resident Manager

Mr Cheong had a contract of employment with the Company dated 7 November 2006 as Mill Superintendent. Mr Cheong was promoted to Resident Manager on 5 March 2008 and the contract specified the duties and obligations to be fulfilled by the Resident Manager. The contract could be terminated by either party by the provision of three months notice. Mr Cheong resigned on 4 May 2009.

Mr Jon Latto – Chief Financial Officer

Mr Latto has a contract of employment with the Company dated 14 September 2007. The contract specifies the duties and obligations to be fulfilled by the Chief Financial Officer. The contract may be terminated by either party by the provision of three months notice.

Mr Tim Smith – Geology Manager

Mr Smith has a contract of employment with the Company dated 24 June 2003 as Exploration Manager. Mr Smith was promoted to Geology Manager on 17 June 2008 and the contract specifies the duties and obligations to be fulfilled by the Geology Manager. The contract may be terminated by either party by the provision of one months notice.

Mr Rob Walker – General Manager Operations

Mr Walker has a contract of employment with the Company dated 22 October 2008. The contract specifies the duties and obligations to be fulfilled by the General Manager Operations. The contract may be terminated by either party by the provision of three months notice.

All of the service contracts noted also contain standard employment conditions normally associated with these types of agreements. In addition, although various periods are set out for termination, these do not apply in the case of serious misconduct.

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 no established retirement or redundancy schemes in relation to non-executive directors.

13. REMUNERATION REPORT (CONTINUED)

13.2 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:

		Short Term			STI Cash Bonuses	Non Monetary Benefits	Post Employment	Share Based Payments	Total Remuneration	Proportion of Remuneration Performance Related	Value of Options as a Proportion of Total Remuneration
		Salary & Fees	Accrued Remuneration	Payment of Accrued Annual Leave & Long Service Leave			Super-annuation Benefits	Calculated Value of Options (Non Cash)			
		\$	\$	\$	\$	\$	\$	\$	%	%	
Directors											
D Waddell (Non-Executive Chairman)	2009	194,687	138,250	397,896	-	9,658	53,333	-	793,824	0.00%	0.00%
	2008	446,010	-	-	-	8,278	40,141	-	494,429	0.00%	0.00%
G Sloan (i) (Managing Director/CEO)	2009	333,333	-	-	-	39,954	30,000	-	403,287	0.00%	0.00%
	2008	-	-	-	-	-	-	-	-	0.00%	0.00%
A Senior (Non-Executive Director)	2009	55,000	-	-	-	-	4,950	80,671	140,621	57.37%	57.37%
	2008	48,333	-	-	-	-	4,350	21,816	74,499	29.28%	29.28%
SH Lee (Non-Executive Director)	2009	-	-	-	-	-	-	-	-	0.00%	0.00%
	2008	-	-	-	-	-	-	-	-	0.00%	0.00%
Former Directors											
F Sibbel (ii) (Operations Director)	2009	8,712	-	-	-	-	505	4,479	13,696	32.70%	32.70%
	2008	395,553	-	-	-	10,012	34,679	103,026	543,270	18.96%	18.96%
Total all specified Directors	2009	591,732	138,250	397,896	-	49,612	88,788	85,150	1,351,428		
	2008	889,896	-	-	-	18,290	79,170	124,842	1,112,198		
Executives											
J Latto (Chief Financial Officer)	2009	192,661	-	-	-	3,583	17,340	13,149	226,733	5.80%	5.80%
	2008	125,521	-	-	-	2,628	11,297	5,771	145,217	3.97%	3.97%
T Smith (Geology Manager)	2009	205,000	-	-	-	3,152	18,450	13,194	239,796	5.50%	5.50%
	2008	194,250	-	-	-	3,241	17,483	17,295	232,269	7.45%	7.45%
R Walker (iii) (General Manager Operations)	2009	215,277	-	-	-	-	19,375	54,539	289,191	18.86%	18.86%
	2008	-	-	-	-	-	-	-	-	0.00%	0.00%
Former Executives											
G Cheong (iv) (Resident Manager)	2009	287,036	-	-	-	61	22,025	12,777	321,899	3.97%	3.97%
	2008	230,412	-	-	10,310	2,156	20,737	10,145	273,760	7.47%	3.71%
M Casey (v) (Resident Manager)	2009	-	-	-	-	-	-	3,165	3,165	100.00%	100.00%
	2008	326,706	-	-	14,465	391	18,827	17,079	377,468	8.36%	4.52%
R Dawkins (vi) (Financial Controller)	2009	-	-	-	-	-	-	-	-	0.00%	0.00%
	2008	96,776	-	-	-	1,010	5,097	9,288	112,171	8.28%	8.28%
Total all named Executives	2009	899,974	-	-	-	6,796	77,190	96,824	1,080,784		
	2008	973,665	-	-	24,775	9,426	73,441	59,578	1,140,885		
Total all specified Directors and Executives	2009	1,491,706	138,250	397,896	-	56,408	165,978	181,974	2,432,212		
	2008	1,863,561	-	-	24,775	27,716	152,611	184,420	2,253,083		

- (i) Appointed September 2008
(ii) Resigned June 2008
(iii) Appointed October 2008
(iv) Appointed December 2006. Resigned May 2009
(v) Appointed August 2006. Resigned March 2008
(vi) Appointed December 2006. Resigned November 2007

13. REMUNERATION REPORT (CONTINUED)

13.3 Equity instruments

13.3.1 Options over equity instruments granted as compensation

Details of options over ordinary shares in the Company that were granted as compensation to key management personnel during the reporting period and details of options and rights that were vested during the reporting period are as follows:

	Number of options granted during 2009	Grant Date	Number of options vested during 2009	Fair value per option at grant date (\$)	Exercise/notional price per option (\$)	Expiry date/Anniversary date
Directors						
Mr D Waddell	-	-	-	-	-	-
Mr G Sloan	-	-	-	-	-	-
Mr A Senior	-	-	-	-	-	-
Mr SH Lee	-	-	-	-	-	-
Mr F Sibbel	-	-	-	-	-	-
Executives						
Mr G Cheong	1,000,000	3 March 2009	-	\$0.022	\$0.013	28 February 2014
Mr J Latto	1,000,000	3 March 2009	-	\$0.022	\$0.013	28 February 2014
Mr T Smith	1,000,000	3 March 2009	-	\$0.022	\$0.013	28 February 2014
Mr R Walker	10,000,000	3 March 2009	-	\$0.022	\$0.013	28 February 2014

13.3.2 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 a key management person) have been altered or modified by the issuing entity during the reporting period or the prior period.

13.3.3 Exercise of options granted as compensation

No options over ordinary shares previously granted as compensation were exercised by a named officer during the reporting period or the prior period.

13. REMUNERATION REPORT (CONTINUED)

13.4 Equity instruments

13.4.1 Analysis of options and rights over equity instruments granted as compensation

Details of the vesting profile of the options granted as remuneration to each director of the Company and each of the named Company executives and relevant group executives is detailed below.

	Options Granted					
	Number	Date	% Vested in year	% Forfeited in year	Financial year in which grant vests	Value yet to vest (\$)
Directors						
Mr D Waddell	15,000,000	20 Oct 2004	-	-	2005	-
Mr G Sloan	-	-	-	-	-	-
Mr A Senior	1,750,000	23 Nov 2007	50%	-	2009	8,654
Mr A Senior	1,750,000	23 Nov 2007	40%	-	2009	-
Mr SH Lee	-	-	-	-	-	-
Mr F Sibbel	5,000,000	18 July 2007	-	100%	2009	-
Mr F Sibbel	5,000,000	18 July 2007	4%	100%	2009	-
Company Executives						
Mr G Cheong	100,000	11 Dec 2006	21%	-	2009	-
Mr G Cheong	200,000	30 Apr 2007	42%	-	2009	-
Mr G Cheong	500,000	3 Mar 2009	33%	-	2010	7,272
Mr G Cheong	500,000	3 Mar 2009	17%	-	2011	9,090
Mr J Latto	300,000	5 Oct 2007	50%	-	2009	1,924
Mr J Latto	500,000	3 Mar 2009	33%	-	2010	7,272
Mr J Latto	500,000	3 Mar 2009	17%	-	2011	9,090
Mr T Smith	200,000	22 Nov 2004	-	-	2005	-
Mr T Smith	300,000	1 Dec 2005	-	-	2007	-
Mr T Smith	250,000	30 Apr 2007	42%	-	2009	-
Mr T Smith	500,000	3 Mar 2009	33%	-	2010	7,272
Mr T Smith	500,000	3 Mar 2009	17%	-	2011	9,090
Mr R Walker	5,000,000	3 Mar 2009	33%	-	2010	72,719
Mr R Walker	5,000,000	3 Mar 2009	17%	-	2011	90,898
Mr M Casey	250,000	7 Aug 2006	4%	100%	2009	-
Mr M Casey	250,000	30 Apr 2007	9%	100%	2009	-

All options held by Mr F Sibbel and Mr M Casey were forfeited six months after cessation of employment.

13.4.2 Analysis of movements in options and rights

The only movement during the reporting period were options granted to key management personnel as described above. There were no options exercised and 11,100,000 options were forfeited on cessation of employment during the reporting period.

14. NON-AUDIT SERVICES

During the year KPMG, the Consolidated Entity's auditor did not perform services other than their statutory audits.

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:

- Non-audit services will be subject to the corporate governance procedures adopted by the Company and will be reviewed by the Audit and Risk Committee to ensure they do not impact the integrity and objectivity of the auditor.
- 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.

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 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 under the Corporations Act 2001.

Insurance Premiums

Since the end of the 2008 financial year, 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 29 and forms part of the directors' report for the financial year ended 30 June 2009.

Dated at Perth, Western Australia this 30th day of September 2009.

Signed in accordance with a resolution of the Directors.

G J Sloan
Managing Director/CEO



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

To: the directors of Tanami Gold NL

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2009 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.

Trevor Hart
Partner

Perth

30 September 2009

The Board of Directors of Tanami Gold NL is responsible for the corporate governance of the economic entity. The Board guides and monitors the business and affairs of Tanami Gold NL on behalf of the shareholders by whom they are elected and to whom they are accountable.

To ensure that the Board is well equipped to discharge its responsibilities, it has established guidelines for the nomination and selection of directors and for the operation of the Board.

COMPOSITION OF THE BOARD

The composition of the Board is determined in accordance with the following principles and guidelines:

- The Board should comprise at least three directors a majority of whom should be non-executive directors;
- The Board should comprise directors with an appropriate range of qualifications and expertise; and
- The Board shall meet at regular intervals and follow meeting guidelines set down to ensure all directors are made aware and have available all necessary information to participate in an informed discussion of all agenda items.

When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the service of a new director with particular skills, the Board selects a candidate or panel of candidates with the appropriate expertise.

The Board then appoints the most suitable candidate, who must stand for election at the next general meeting of shareholders.

REMUNERATION

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. The expected outcomes of the remuneration structure are:

- Retention and motivation of key executives;
- Attraction of quality management to the Company; and
- Performance incentives which allow executives to share the rewards of the success of Tanami Gold NL.

For details on the amount of remuneration and all monetary and non-monetary components for all directors, refer to the Directors' Report. In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the Board, having regard to the overall performance of Tanami Gold NL and the performance of the individual during the period.

There is no scheme to provide retirement benefits, other than statutory superannuation, to directors.

A Remuneration Committee was established on 1 July 2005. Remuneration levels are set by the Committee in accordance with industry standards to attract suitably qualified and experienced Directors and senior executives. The Committee now comprises Alan Senior and Denis Waddell.

AUDIT COMMITTEE

The Company has an Audit Committee comprising Alan Senior (Chairman), and Denis Waddell. Each of the members has the relevant financial and industry experience required to perform Audit Committee functions. Details regarding the relevant qualifications and experience of each director who is a member of the Audit Committee is set out in the Directors' Report.

The appointment of the external auditor is the responsibility of the Audit Committee and the performance of the external auditor is assessed annually. Rotation of the external audit engagement partner is undertaken in line with the requirements of the Corporations Act 2001 and is managed by the external auditor.

BOARD RESPONSIBILITIES

As the Board acts on behalf of and is accountable to the shareholders, it seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. The Board seeks to discharge these responsibilities in a number of ways.

The responsibility for the administration of the Consolidated Entity is delegated by the Board to the Non-Executive Chairman and the responsibility for the operation of the Consolidated Entity is delegated by the Board to the Managing Director/CEO. The Board ensures that the Non-Executive Chairman and Managing Director/CEO are appropriately qualified and experienced to discharge their responsibilities, and have in place procedures to assess the performances of the Company's officers, employees, contractors and consultants.

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. It has a number of mechanisms in place to ensure this is achieved, including the following:

- Board approval of a strategic plan, designed to meet shareholder needs and manage business risk;
- Implementation of operating plans and budgets by management and Board monitoring of progress against budget; and
- Procedures to allow Directors, in the furtherance of their duties, to seek independent professional advice at the Company's expense.

MONITORING OF THE BOARD'S PERFORMANCE

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all Directors is reviewed annually by the chairperson. This process took place during the year ended 30 June 2009. Directors whose performance is unsatisfactory are asked to retire.

MONITORING THE PERFORMANCE OF SENIOR EXECUTIVES

The Company undertakes a formal review of the performance of each of its senior executives at least annually and this process took place during the year ended 30 June 2009.

BEST PRACTICE RECOMMENDATION

Outlined below are the 8 Principles of Good Corporate Governance and Best Practice Recommendations as outlined by the ASX and the Corporate Governance Council. The Company has complied with the Corporate Governance Best Practice Recommendations except as identified below. Details about the Company's corporate governance policies are set out on the Company's website at www.tanami.com.au.

Principles of Good Corporate Governance and Best Practice Recommendations	Action taken and reasons if not adopted
<p>Establish and disclose the respective roles and responsibilities of board and management.</p> <p>Principle 1: Lay solid foundation for management and oversight</p> <p>1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.</p> <p>1.2 Companies should disclose the process for evaluating the performance of senior executives.</p> <p>1.3 Companies should provide the information indicated in the Guide to reporting on Principle 1.</p>	Adopted
<p>Have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.</p> <p>Principle 2: Structure the Board to add value</p> <p>2.1 A majority of the board should be independent directors.</p> <p>2.2 The chair should be an independent director.</p> <p>2.3 The roles of chair and chief executive officer should not be exercised by the same individual.</p> <p>2.4 The board should establish a nomination committee.</p> <p>2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.</p> <p>2.6 Companies should provide the information indicated in the Guide to reporting on Principle 2.</p>	Adopted except as follows: 2.1 The board considers that its current structure is appropriate given its size and that the current directors provide the necessary diversity of skills and experience which is appropriate for the company's projects and business. - Mr DP Waddell was employed within the last three years as Executive Chairman and is therefore not independent. - Mr GJ Sloan is Managing Director/CEO and is therefore not independent. - Mr SH Lee is a substantial shareholder of a company holding more than five percent of the Company's voting stock and is therefore not independent.
<p>Actively promote ethical and responsible decision-making.</p> <p>Principle 3: Promote ethical and responsible decision-making</p> <p>3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to:</p> <ul style="list-style-type: none"> the practices necessary to maintain confidence in the company's integrity; the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. <p>3.2 Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.</p> <p>3.3 Companies should provide the information indicated in the Guide to reporting on Principle 3.</p>	Adopted
<p>Have a structure in place to independently verify and safeguard the integrity of the Company's financial reporting.</p> <p>Principle 4: Safeguard integrity in financial reporting</p> <p>4.1 The board should establish an audit committee.</p> <p>4.2 The audit committee should be structured so that it:</p> <ul style="list-style-type: none"> consists only of non-executive directors; consists of a majority of independent directors; is chaired by an independent chair, who is not chair of the board; and has at least three members. <p>4.3 The audit committee should have a formal charter.</p> <p>4.4 Companies should provide the information indicated in the Guide to reporting on Principle 4.</p>	Adopted except as follows: 4.2 The company has an audit committee comprising Mr AA Senior (Chairman) and Mr DP Waddell. The board considers that the current structure is appropriate given the size of the entity and the skills and experience that the current audit committee members bring to these meetings.

Principles of Good Corporate Governance and Best Practice Recommendations	Action taken and reasons if not adopted
<p>Promote timely and balanced disclosure of all material matters concerning the Company.</p> <p>Principle 5: Make timely and balanced disclosure</p> <p>5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.</p> <p>5.2 Companies should provide the information indicated in the Guide to reporting on Principle 5.</p>	Adopted
<p>Respect the rights of shareholders and facilitate the effective exercise of those rights.</p> <p>Principle 6: Respect the rights of shareholders</p> <p>6.1 Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.</p> <p>6.2 Companies should provide the information indicated in the Guide to reporting on Principle 6.</p>	Adopted
<p>Establish a sound system of risk oversight and management and internal control.</p> <p>Principle 7: Recognise and manage risk</p> <p>7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.</p> <p>7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.</p> <p>7.3 The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.</p> <p>7.4 Companies should provide the information indicated in the Guide to reporting on Principle 7.</p>	Adopted
<p>Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.</p> <p>Principle 8: Remunerate fairly and responsibly</p> <p>8.1 The board should establish a remuneration committee.</p> <p>8.2 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.</p> <p>8.3 Companies should provide the information indicated in the Guide to reporting on Principle 8.</p>	Adopted except for: 8.1 A Remuneration and Nomination Committee was established on 1 July 2005. It currently comprises Mr AA Senior (Chairman) and Mr DP Waddell. The board considers that the current structure is appropriate given the size of the company and the skills and experience that the remuneration and nomination committee members possess.

	Note	Consolidated		Company	
		2009 \$	2008 \$	2009 \$	2008 \$
Revenue	2	30,718,468	24,107,748	-	-
Mine costs (including depreciation and amortisation)	3	(45,609,074)	(31,843,269)	-	-
Exploration and evaluation expenses	3	(846,864)	(2,742,606)	-	-
Administration and corporate expenses		(4,026,875)	(3,208,127)	(253,339)	(232,954)
Impairment of Coyote Gold mine assets	3	-	(20,383,919)	-	-
Provision for non-recovery of loan to controlled entity	3	-	-	(19,508,883)	(33,780,855)
Loss before tax and financing		(19,764,345)	(34,070,173)	(19,762,222)	(34,013,809)
Financial income	5	272,939	1,255,852	135,070	1,085,912
Financial expenses	5	(1,538,045)	(113,576)	(1,402,299)	-
Loss before tax		(21,029,451)	(32,927,897)	(21,029,451)	(32,927,897)
Income tax benefit	6	-	341,976	-	341,976
Net loss for the year		(21,029,451)	(32,585,921)	(21,029,451)	(32,585,921)
Basic and diluted loss per share	26	(0.75 cents)	(3.14 cents)		

The income statements are to be read in conjunction with the accompanying notes to the financial statements.

	Note	Consolidated		Company	
		2009 \$	2008 \$	2009 \$	2008 \$
CURRENT ASSETS					
Cash and cash equivalents	8	1,157,195	2,668,944	411	2,526,375
Other receivables	9	836,855	2,214,058	-	-
Inventories	10	5,986,235	7,408,897	-	-
Total current assets		7,980,285	12,291,899	411	2,526,375
NON-CURRENT ASSETS					
Other receivables	9	2,346,415	2,350,411	23,107,908	24,088,259
Other financial assets	11	-	-	3,013,232	3,013,232
Property, plant and equipment	12	21,223,271	24,228,353	-	-
Exploration and evaluation expenditure	13	3,992,169	2,269,083	-	-
Total non-current assets		27,561,855	28,847,847	26,121,140	27,101,491
TOTAL ASSETS		35,542,140	41,139,746	26,121,551	29,627,866
CURRENT LIABILITIES					
Interest-bearing liabilities	14	6,229,225	171,562	6,184,195	-
Trade and other payables	15	6,366,289	8,899,764	-	-
Provisions	16	718,915	579,554	-	-
Total current liabilities		13,314,429	9,650,880	6,184,195	-
NON-CURRENT LIABILITIES					
Interest-bearing liabilities	14	-	45,030	-	-
Provisions	16	2,290,355	1,815,970	-	-
Total Non-Current Liabilities		2,290,355	1,861,000	-	-
TOTAL LIABILITIES		15,604,784	11,511,880	6,184,195	-
NET ASSETS		19,937,356	29,627,866	19,937,356	29,627,866
EQUITY					
Issued capital	17	183,469,346	172,382,390	183,469,346	172,382,390
Accumulated losses	18	(164,118,439)	(143,088,988)	(164,118,439)	(143,088,988)
Share based payment reserve		586,449	334,464	586,449	334,464
TOTAL EQUITY		19,937,356	29,627,866	19,937,356	29,627,866

The balance sheets are to be read in conjunction with the accompanying notes to the financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2009

	Issued Capital	Accumulated Losses	Share Based Payment Reserve	Total
	\$	\$	\$	\$
Consolidated				
At 1 July 2007	135,074,879	(110,503,067)	114,874	24,686,686
Recognised income and expense	-	(32,585,921)	-	(32,585,921)
Share based payments	-	-	219,590	219,590
Issue of share capital	37,307,511	-	-	37,307,511
At 30 June 2008	172,382,390	(143,088,988)	334,464	29,627,866
At 1 July 2008	172,382,390	(143,088,988)	334,464	29,627,866
Recognised income and expense	-	(21,029,451)	-	(21,029,451)
Share based payments	-	-	251,985	251,985
Issue of share capital	11,086,956	-	-	11,086,956
At 30 June 2009	183,469,346	(164,118,439)	586,449	19,937,356
Company				
At 1 July 2007	135,074,879	(110,503,067)	114,874	24,686,686
Recognised income and expense	-	(32,585,921)	-	(32,585,921)
Share based payments	-	-	219,590	219,590
Issue of share capital	37,307,511	-	-	37,307,511
At 30 June 2008	172,382,390	(143,088,988)	334,464	29,627,866
At 1 July 2008	172,382,390	(143,088,988)	334,464	29,627,866
Recognised income and expense	-	(21,029,451)	-	(21,029,451)
Share based payments	-	-	251,985	251,985
Issue of share capital	11,086,956	-	-	11,086,956
At 30 June 2009	183,469,346	(164,118,439)	586,449	19,937,356

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

STATEMENT OF CASH FLOWS

for the year ended 30 June 2009

	Note	Consolidated		Company	
		2009	2008	2009	2008
		\$	\$	\$	\$
Cash Flows from Operating Activities					
Cash receipts from customers		30,699,381	24,095,327	-	-
Cash payments in the course of operations		(32,544,674)	(38,963,101)	(1,351)	(900)
Cash payments for exploration expenditure		(2,826,017)	(3,262,111)	-	-
Cash payments for development expenditure		(7,985,017)	(8,234,634)	-	-
Interest received		334,591	1,177,606	135,070	1,085,914
Interest paid		(836,216)	-	(814,848)	-
<i>Net cash (used in)/provided by operating activities</i>	27(b)	(13,157,952)	(25,186,913)	(681,129)	1,085,014
Cash Flows from Investing Activities					
Payments for property, plant and equipment		(4,866,160)	(18,658,070)	-	-
Proceeds from sale of plant and equipment		1,000	101,659	-	-
Payments for exploration security deposits		(25,000)	(875,898)	-	-
Proceeds from exploration security deposit refunds		35,150	-	-	-
Loans to controlled entity		-	-	(18,528,533)	(45,909,492)
<i>Net cash used in investing activities</i>		(4,855,010)	(19,432,309)	(18,528,533)	(45,909,492)
Cash Flows from Financing Activities					
Net proceeds from issue of shares and options		11,086,956	37,307,511	11,086,956	37,307,511
Net proceeds from borrowings		5,596,742	-	5,596,742	-
Repayment of borrowings		(182,485)	(195,921)	-	-
<i>Net cash provided by financing activities</i>		16,501,213	37,111,590	16,683,698	37,307,511
Net decrease in cash and cash equivalents held		(1,511,749)	(7,507,632)	(2,525,964)	(7,516,967)
Cash and cash equivalents at the beginning of the financial year		2,668,944	10,176,576	2,526,375	10,043,342
Cash and cash equivalents at the end of the financial year	27(a)	1,157,195	2,668,944	411	2,526,375

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

1. SIGNIFICANT ACCOUNTING POLICIES

a) Reporting Entity

Tanami Gold NL ("the Company") is a company domiciled in Australia. The address of the Company's registered office is Level 4, 50 Colin Street, West Perth, Western Australia 6005. The consolidated financial statements of the Company as at and for the year ended 30 June 2009 comprise the Company and its subsidiary (together referred to as the "Consolidated Entity") and the Group's interest in jointly controlled entities. The Consolidated Entity primarily is involved in gold mining operations and mineral exploration.

b) Basis of Preparation

Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian interpretations) adopted by the Australian Accounting Standard Board (AASB) and the Corporations Act 2001.

The consolidated financial report of the Consolidated Entity and the Company also complies with the International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were approved by the Board of Directors on 30th September 2009.

Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- Derivative financial instruments are measured at fair value; and
- Financial instruments at fair value through profit or loss are measured at fair value.

Going concern basis of preparation

The going concern basis of preparation has been adopted.

The Consolidated Entity has incurred a net loss for the year of \$21,029,451 (2008: \$32,585,921). At 30 June 2009 it had a net working capital deficiency of \$5,334,144 (2008 Surplus: \$2,641,019). At 30 June 2009, the working capital deficiency included the drawn facility from AP Finance Limited of A\$6,184,195.

During September 2009 and as part of the Company's funding requirements to progress the development of the Coyote Gold Project and undertake exploration activities, the Company entered into a revised unsecured loan facility with AP Finance Limited (of which the ultimate holding company is Allied Group Limited, an entity associated with Mr Lee Seng Hui, who is a Director of the Company) totalling HK\$68 million (approximately A\$10.1 million including the drawn facility noted above). The revised facility is unsecured and repayable on 31 December 2010.

Based upon the current production forecasts and expected positive cash margins from the Company's Coyote and Bald Hill operations along with the Company's increased \$10.1 million unsecured loan facility with AP Finance Limited, the directors consider there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency and the functional currency of the Consolidated Entity.

Use of estimates and judgements

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

Judgements made by management in the application of the Australian Accounting Standards that have significant effect on the financial report and estimates with a significant risk of material adjustment in the next year are discussed below.

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

The Consolidated Entity assesses its mine rehabilitation and site restoration provision at each balance date in accordance with accounting policy h(i). 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.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Basis of Preparation (continued)

(ii) Units of production method of amortisation

The Consolidated Entity amortises mine properties in production on a units of production basis over economically recoverable ounces. These calculations require the use of estimates and assumptions. Significant judgement is required in assessing the available reserves and resources under this method. Factors that must be considered in determining reserves and resources are the complexity of metallurgy, product prices, foreign exchange rates, cost structures and future developments. When these factors change or become known in the future, such differences will impact amortisation expense and the carrying value of mine property assets.

(iii) Determination of ore reserves and mineral resource

The Consolidated Entity estimates its ore reserves and mineral resources based on information compiled by competent persons in accordance with the Australian Code for Reporting of Mineral Resources and Ore Reserves December 2004 (the JORC code). Reserves and where applicable resources demined in this way are used in the calculation of depreciation, amortisation and impairment charges, the assessment of mine lives and for forecasting the timing of the payment of restoration costs.

When a change in estimated recoverable gold ounces contained in proved and probable ore reserves is made, amortisation and depreciation is accounted for prospectively.

(iv) Impairment

In accordance with accounting policy note 1(g), the Consolidated Entity, in determining whether the recoverable amount of its cash generating unit is the higher of fair value less costs to sell or value-in-use against which asset impairment is to be considered, undertakes future cash flow calculations which are based on a number of critical estimates and assumptions including, for its mine properties, forward estimates of:

- mine life, including quantities of mineral reserves and resources for which there is a high degree of confidence of economic extraction with given technology;
- production levels and demand;
- metal price;
- inflation;
- cash costs of production; and
- discount rates applicable to the cash generating unit.

(v) 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 subsidiary and loans to its subsidiary is dependent on successful development and commercial exploitation, or alternatively, sale, of the underlying mineral exploration properties. The Group 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.

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 Group's market capitalisation compared to its net assets.

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

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Consolidated Group.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a Company so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

In the Company's financial statements, investments in subsidiaries are carried at cost.

(ii) Transactions eliminated on consolidation

Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

(iii) Jointly controlled operations and assets

The interest of the Group in unincorporated joint ventures and jointly controlled assets are brought to account by recognising in its financial statements the assets it controls, the liabilities that it incurs, the expenses it incurs and its share of income that it earns from the sale of goods or services by the joint venture.

d) Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

All such assets, except freehold land, are depreciated over their estimated useful lives on a straight line, reducing balance or production output basis, as considered appropriate, commencing from the time the asset is held ready for use.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives for the current and comparative periods are as follows:

	2009	2008
Major depreciation periods are:		
Buildings	2.5%	2.5%
Plant and equipment	15-33%	15-33%
Motor vehicles	13-25%	13-25%
Furniture and fittings	7.5-40%	7.5-40%
Mine development costs	Units of production	Units of production

Depreciation methods, useful lives and residual values are reassessed at reporting date.

(i) Useful lives

Mine assets are depreciated or amortised over the lower of their estimated useful lives and the estimated remaining life of the mine. The estimated remaining life of the mine is based upon geological resources. Assets not linked to the mining operation are depreciated over their estimated useful lives.

(ii) Amortisation

Amortisation is charged to the income statement, except to the extent that it is included in the carrying amount of another asset as an allocation of production overheads.

Mine properties in production are amortised on a units of production basis over economically recoverable resources.

Amortisation is not charged on costs carried forward in respect of interest in the development phase until commercial production commences.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Exploration and Evaluation

In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, exploration costs are accumulated in respect of each separate area of interest.

Costs incurred before the Consolidated Entity has obtained the legal rights to explore an area are recognised in the income statement.

Exploration costs are carried forward at cost where the rights of tenure are current and either:

- (i) Such costs are expected to be recouped through successful development and exploration of the area of interest, or alternatively by its sale; or
- (ii) Exploration activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable resources and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets will be assessed annually for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, or (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable value where impairment indicators exist, recoverable amounts of these assets will be estimated based on discounted cash flows from their associated cash generating units. The income statement will recognise expenses arising from the excess of the carrying values of exploration and evaluation assets over the recoverable amounts of the assets.

In the event that an area of interest is abandoned or if the Directors consider the expenditure to be of reduced value, accumulated costs carried forward are written off in the period in which that assessment is made. Each area of interest is reviewed at the end of each accounting period and accumulated costs are written off to the extent that they will not be recoverable in the future.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mining property and development assets within property, plant and equipment.

Mining Properties in Production or Under Development

Mining properties in production (including exploration, evaluation and development expenditure) are accumulated and brought to account at cost less accumulated amortisation in respect of each identifiable area of interest. Amortisation of capitalised costs is provided on the production output basis, proportional to the depletion of the mineral resource of each area of interest expected to be ultimately economically recoverable.

f) Acquisition of Assets

Assets acquired are recognised at cost. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. When equity instruments are issued as consideration, their market price at the date of acquisition is used as fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Where settlement of any part of cash consideration is deferred, the amounts payable are recorded at their present value, discounted at the rate applicable to the Company if a similar borrowing were obtained from an independent financier under comparable terms and conditions.

Costs incurred on assets subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the original performance of the asset will flow to the Company in future years. Costs that do not meet the criteria for capitalisation are expensed as incurred.

g) Impairment

The carrying amounts of the Consolidated Entity's assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Provisions

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.

Mine rehabilitation

Provisions are 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 recontouring, topsoiling and revegetation, employing legislative requirements. Changes in estimates are dealt with on a prospective basis as they arise.

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 a finance cost in the income statement 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 the income statement in the period in which it occurs.

The amount of the provision relating to rehabilitation of environmental disturbance caused by ongoing production and extraction activities is recognised in the income statement as incurred. Changes in the liability are charged to the income statement as rehabilitation expense, other than the unwinding of the discount which is recognised as a finance cost.

i) Expenses**(i) Operating lease payments**

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense and spread over the lease term.

(ii) Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each reporting period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(iii) Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest method, finance establishment cost, amortisation, discount unwind, interest receivable on funds invested, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognised in the income statement.

Interest income is recognised in the income statement as it accrues, using the effective interest method. The interest expense component of finance lease payments is recognised in the income statement using the effective interest method.

j) Inventories

Raw materials and stores, work in progress (Stockpiles and Gold in Circuit) and finished goods (Bullion) are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Costs are assigned to individual items of inventory on the basis of weighted average costs. Cost includes direct material, overburden removal, mining, processing, labour related transportation cost to the point of sale, mine rehabilitation costs incurred in the extraction process and other fixed and variable costs directly related to mining activities.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the income statement.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Consolidated Entity has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity.

For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date.

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.

l) Other receivables

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

Receivables from related entities are recognised and carried at the nominal amount due. Where these receivables are interest bearing, interest is taken up as income on an accruals basis.

m) Cash and cash equivalents

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 cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

n) Interest-bearing liabilities

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discounts or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised and as well as through the amortisation process.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**o) Employee benefits***Short-term benefits*

Liabilities for employee benefits for wages, salaries and annual leave and the current portion of long service leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Consolidated Entity expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

No provision is made for non-vesting sick leave as the anticipated pattern of future sick leave taken indicates that accumulated non-vesting leave will never be paid.

Other long-term benefits

The Consolidated Entity's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs. Provision for annual leave and the current portion of long service leave together with the associated employment on-costs are measured at their nominal amounts based on remuneration rates expected to be paid when the liability is settled. The non-current portions of long service leave and its associated employment on-costs are measured at the present value of estimated future cash flows.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as a personnel expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Contributions to defined contribution superannuation plans are expensed as incurred.

p) Share-based payment transactions

The share options plan allows employees to acquire shares of the Company. The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised is adjusted to reflect the actual number of share options that vest, except for those that fail to vest due to market conditions not being met.

When the Company grants options over its shares to employees of subsidiaries, the fair value at grant date is recognised as an increase in the investments in subsidiaries, with a corresponding increase in equity over the vesting period of the grant.

q) Leases

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as the lease income.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

r) Revenue*Goods sold*

Revenue from the sale of gold is measured at the fair value of the consideration received or receivable, net of returns and allowances. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of consideration is probable, the associated costs and possible return of goods can be measured reliably, and there is no continuing management involvement with the goods.

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**s) Income tax**

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. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on the net basis or their tax assets and liabilities will be realised simultaneously.

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.

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.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries is assumed by the head entity in the tax-consolidated group and are recognised by the company as amounts payable (receivable) to (from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts. Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

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.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

t) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

u) Issued capital

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.

v) Trade and other payables

Trade and other payables are stated at their amortised cost.

w) Loss per share

The Consolidated Entity presents basic loss per share data for its ordinary shares. Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

x) Segment reporting

A segment is a distinguishable component of the Consolidated Entity that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Consolidated Entity operates in Western Australia and the Northern Territory, in the gold mining and exploration industry.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

y) New Standards and Interpretations Not Yet Adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2009, but have not been applied in preparing this financial report:

- Revised AASB 3 Business Combinations (2008) incorporates the following changes that are likely to be relevant to the Group's operations:
 - The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations
 - Contingent consideration will be measured at fair value, with subsequent changes therein recognised in profit or loss
 - Transaction costs, other than share and debt issue costs, will be expensed as incurred
 - Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in profit or loss
 - Any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.
- Revised AASB3, which becomes mandatory for the Group's 30 June 2010 financial statements, will be applied prospectively and therefore there will be no impact on prior periods in the Group's 2010 consolidated financial statement. Amended AASB 127 Consolidated and Separate Financial Statements (2008) requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments to AASB 127, which becomes mandatory for the Group's 30 June 2010 financial statements are not expected to have a significant impact on the consolidated financial statements.
- AASB 8 Operating Segments introduces the "management approach" to segment reporting. AASB 8, which becomes mandatory for the Group's 30 June 2010 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. The management approach is not expected to have a significant impact on the consolidated financial statements.
- Revised AASB 101 Presentation of Financial Statements (2007) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement) or, in an income statement and a separate statement of comprehensive income. Revised AASB101, which becomes mandatory for the Group's 30 June 2010 financial statements, is expected to have a significant impact on the presentation of the consolidated financial statements. The Group plans to provide total comprehensive income in a single statement of comprehensive income for its 2010 consolidated financial statements.
- Revised AASB 123 Borrowing Costs removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised AASB123 will become mandatory for the Group's 30 June 2010 financial statements and will constitute a change in accounting policy for the Group. In accordance with the transitional provisions the Group will apply the revised AASB 123 to qualifying assets for which capitalisation of borrowing costs commences on or after the effective date. Therefore there will be no impact on prior periods in the Group's 30 June 2010 financial statements.
- AASB 2008-1 Amendments to Australian Accounting Standard – Share-based Payment: Vesting Conditions and Cancellations clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The amendments to AASB2 will be mandatory for the Group's 30 June 2010 financial statement, with retrospective application. The Group has not yet determined the potential effect of the amendment.
- AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Process and 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvement Process affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Group's 30 June 2010 financial statements, are not expected to have any impact on the financial statements.
- AASB 2008-7 Amendment to Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate changes the recognition and measurement of dividend receipts as income and addresses the accounting of a newly formed parent entity in the separate financial statements. The amendments become mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the potential effect of the amendments.
- AASB 2008-8 Amendments to Australian Accounting Standards – Eligible Hedged Items clarifies the effect of using options as hedging instruments and the circumstances in which inflation risk can be hedged. The amendments become mandatory for the Group's 30 June 2010 financial statements, with retrospective application. The Group has not yet determined the potential effect of the amendment.

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
2. REVENUE				
Gold sales	30,469,124	23,612,100	-	-
Other income	249,344	408,638	-	-
Gain on disposal of property, plant and equipment	-	87,010	-	-
	30,718,468	24,107,748	-	-

3. LOSS BEFORE TAX

Loss before income tax benefit has been arrived at after:

	2009	2008	2009	2008
	\$	\$	\$	\$
Mine costs(i)	45,609,074	31,843,269	-	-
which includes:				
Depreciation - plant and equipment	3,864,021	1,508,395	-	-
Amortisation - mine development	4,169,374	-	-	-
Amortisation - Coyote open pits development costs (ii)	5,818,424	-	-	-
	13,851,819	1,508,395	-	-
Exploration and evaluation expense (iii)	846,864	2,742,606	-	-
Impairment of Coyote Gold mine assets (iv)	-	20,383,919	-	-
Provision for non-recovery of loan to controlled entity (v)	-	-	19,508,883	33,780,855
Provision for employee entitlements	510,855	12,138	-	-
Occupancy costs	413,701	231,061	-	-

- (i) Mine costs relate to the development and production of the Coyote Gold Project, the mining of the Coyote Open Pits, ore processing and site administration. Mine costs include depreciation and amortisation.
- (ii) During 2009, the Company substantially completed mining operations of the Coyote Open Pits. Accordingly, previously capitalised development expenditure relating to the Coyote Open Pits has been fully amortised in 2009.
- (iii) The ultimate recoupment of exploration and evaluation expenditure is dependant upon successful development and commercial exploitation, or alternatively, sale of the respective areas. During the year the Company wrote off expenditure totalling \$846,864 (2008: \$2,742,606).
- (iv) During the prior year, the Company experienced cost increases and delays in the development of the Coyote Gold Project. Given this, the directors determined that it was appropriate to recognise an impairment charge of \$20,383,919 against the Coyote Gold Project in the year ended 30 June 2008.
- (v) The provision for non-recovery of loan to controlled entity arose from the loss incurred for the financial year by its subsidiary Tanami Exploration NL.

4. PERSONNEL EXPENSES

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Wages and salaries	13,866,725	7,148,104	-	-
Superannuation costs	969,336	583,420	-	-
(Decrease)/Increase in liability for annual leave	243,796	19,822	-	-
Share based payments	251,985	219,590	251,985	219,590
Total Personnel Expenses	15,331,842	7,970,936	251,985	219,590
Less: Capitalised to exploration and evaluation assets	(1,639,525)	(1,210,784)	-	-
	13,692,317	6,760,152	251,985	219,590

5. FINANCE INCOME AND EXPENSE

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Finance income:				
Interest income	272,939	1,255,852	135,070	1,085,912
Finance expense:				
Interest - borrowings	(890,234)	(37,275)	(857,944)	-
Borrowing costs	(403,308)	-	(403,258)	-
Foreign exchange loss	(141,614)	-	(141,097)	-
Unwind of discount on site restoration provision	(102,889)	(76,301)	-	-
Finance expense	(1,538,045)	(113,576)	(1,402,299)	-
Net Finance Income and (Expense)	(1,265,106)	1,142,276	1,267,229	1,085,912

6. TAXATION

Major components of income tax expense are as follows:

	2009	2008	2009	2008
	\$	\$	\$	\$
Income Statement				
Current income tax expense/(benefit)				
Current income tax charge	(7,604,041)	(11,337,993)	(740,925)	321,641
Income tax expense not recognised due to availability of group revenue tax losses	-	-	-	(321,641)
Prior year adjustment	93,419	(341,976)	93,419	(341,976)
Deferred income tax expense				
Relating to origination and reversal of temporary differences	1,280,006	1,323,188	266,931	124
Deferred tax assets not recognised in the current period	6,230,615	10,014,805	380,575	(124)
Income tax benefit reported in income statement (i)	-	(341,976)	-	(341,976)

(i) Income tax benefit reported on the income statement for 2008 of \$341,976 relates to a tax benefit receivable for research and development.

Statement of Changes in Equity

	2009	2008	2009	2008
	\$	\$	\$	\$
Current income tax				
Capital raising costs	(399,531)	(391,760)	(399,531)	(391,760)
Income tax benefit/(expense) in equity	(399,531)	(391,760)	(399,531)	(391,760)
Income tax benefit/(expense) not recognised	399,531	391,760	399,531	391,760
	-	-	-	-

The components of recognised deferred tax balances are as follows:

	2009	2008	2009	2008
	\$	\$	\$	\$
CONSOLIDATED				
Deferred tax liabilities				
Mine development	1,011,750	947,112	-	-
Exploration	1,197,650	680,725	-	-
Property, plant and equipment	23,745	23,745	-	-
Consumables	930,410	777,282	-	-
Accrued income	46,394	-	-	-
Deferred tax asset offset against deferred tax liability	(3,209,949)	(2,428,864)	-	-
Gross deferred income tax liabilities	-	-	-	-
Deferred tax assets				
Provisions	902,780	718,658	-	-
Accruals	103,412	40,599	-	-
Property, plant and equipment	2,203,757	1,669,607	-	-
Tax losses	-	-	-	-
Deferred tax asset offset against deferred tax liability	(3,209,949)	(2,428,864)	-	-
Gross deferred income tax assets	-	-	-	-

6. TAXATION (CONTINUED)

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Reconciliation to income tax benefit on Accounting loss				
Loss before income tax	(21,029,451)	(32,927,897)	(21,029,451)	(32,927,897)
Prima facie tax payable at the statutory income tax rate	(6,308,835)	(9,878,370)	(6,308,835)	(9,878,370)
Non-deductible expenses				
Prior period adjustment	-	(203,572)	-	-
Provision for non-recovery	-	-	5,852,665	10,134,257
Share based payments	75,595	65,877	75,595	65,877
Other	2,625	1,259	-	-
Deferred tax assets not recognised	6,230,615	10,014,805	380,575	(321,765)
Prior year research and development offset	-	(341,976)	-	(341,976)
Income tax benefit	-	(341,976)	-	(341,976)
Deferred tax asset (30%) not recognised arising on:				
Tax losses	46,519,306	39,008,684	46,519,306	39,008,684
Temporary differences	2,439,835	4,824,409	51,798,147	44,949,563
	48,959,141	43,833,093	98,317,453	83,958,247

7. AUDITOR'S REMUNERATION

Amounts paid, or due and payable, to the auditor - KPMG - for:

	2009	2008	2009	2008
	\$	\$	\$	\$
Audit and review of the financial statements	99,500	85,000	99,500	85,000
	99,500	85,000	99,500	85,000

8. CASH AND EQUIVALENTS

	2009	2008	2009	2008
	\$	\$	\$	\$
Cash at bank and on hand	1,157,195	158,293	411	15,724
Bank short term deposits	-	2,510,651	-	2,510,651
	1,157,195	2,668,944	411	2,526,375

Bank short term deposit is an "at call" account earning nil interest (2008: 7.1%).

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 29.

9. OTHER RECEIVABLES

	2009	2008	2009	2008
	\$	\$	\$	\$
Current				
GST receivable	277,626	1,187,694	-	-
Prepayments	164,017	152,431	-	-
Other debtors	394,483	805,402	-	-
Interest receivable	729	68,531	-	-
	836,855	2,214,058	-	-
Non-Current				
Other debtors (a)	2,346,415	2,350,411	-	-
Loan to controlled entity (b)	-	-	192,443,028	173,914,495
Provision for non-recovery of loan	-	-	(169,335,120)	(149,826,236)
	2,346,415	2,350,411	23,107,908	24,088,259

(a) Non-current other debtors represent term deposits placed in support of environmental performance bonds lodged with the Department of Industry and Resources. (NT) \$11,100 (2008: \$46,250), the Minister for State Development (WA) \$2,215,000 (2008: \$2,190,000), and \$120,315 (2008: \$114,161) held as a rental bond for the corporate office.

(b) The loan to the controlled entity is unsecured, interest free and repayable at call but the Company does not intend to recall the loan over the next 12 months. The loan is provided to fund exploration and development expenditure by the controlled entity. Accordingly, the ultimate recoupment of the loan and the investment in the controlled entity (refer Note 11) is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

The Group's exposure to credit and currency risks in respect of receivables are disclosed in Note 29.

10. INVENTORIES

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Current				
Stockpile	667,433	172,388	-	-
Raw materials and stores	3,101,366	2,590,941	-	-
Gold in circuit	987,036	710,642	-	-
Bullion	1,216,641	3,921,167	-	-
Other	13,759	13,759	-	-
	5,986,235	7,408,897	-	-

In line with accounting policy Note 1(j), inventories are stated at lower of cost and net realisable value. Stockpiles are carried at net realisable value and in determining this value, the balance date gold price in Australian dollars was used.

11. OTHER INVESTMENTS

			2009	2008
			\$	\$
Non-current				
Shares in controlled entity - at cost (a)	-	-	3,085,938	3,085,938
Less provision for diminution in value	-	-	(72,706)	(72,706)
	-	-	3,013,232	3,013,232

	Class of Shares	Beneficial Interest	2009	2008
			\$	\$

(a) Shares in controlled entity

Tanami Exploration NL				
(Incorporated in WA)	Ordinary	100%	3,013,232	3,013,232
- Refer to Note 9(b)				

12. PROPERTY, PLANT AND EQUIPMENT

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Buildings at cost	7,990,883	7,732,606	-	-
Less: accumulated depreciation	(355,806)	(220,828)	-	-
Less: accumulated impairment	(3,134,004)	(3,134,004)	-	-
	4,501,073	4,377,774	-	-
Plant and equipment at cost	36,210,999	33,737,292	-	-
Less: accumulated depreciation	(3,694,139)	(1,389,689)	-	-
Less: accumulated impairment	(24,578,572)	(24,578,572)	-	-
	7,938,288	7,769,031	-	-
Motor vehicle at cost	1,368,770	1,158,769	-	-
Less: accumulated depreciation	(728,862)	(508,163)	-	-
	639,908	650,606	-	-
Furniture and fittings at cost	876,112	962,116	-	-
Less: accumulated depreciation	(597,956)	(537,271)	-	-
	278,156	424,845	-	-
Capital works in progress	56,746	474,502	-	-
Mine development costs	7,809,100	10,531,595	-	-
Total property, plant and equipment	21,223,271	24,228,353	-	-

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Reconciliations				
Reconciliations of carrying amounts for each class of property, plant and equipment are set out below:				
Buildings				
Carrying amount at beginning of financial year	4,377,774	1,292,931	-	-
Additions	258,278	6,253,351	-	-
Depreciation	(134,979)	(34,504)	-	-
Impairment	-	(3,134,004)	-	-
Carrying amount at end of financial year	4,501,073	4,377,774	-	-
Plant and equipment				
Carrying amount at beginning of financial year	7,769,031	1,007,792	-	-
Additions	4,183,105	12,868,054	-	-
Disposals	(1,029,990)	(1,226)	-	-
Accumulated depreciation on disposals	258,574	1,226	-	-
Depreciation	(3,242,432)	(1,175,901)	-	-
Impairment	-	(4,930,914)	-	-
Carrying amount at end of financial year	7,938,288	7,769,031	-	-
Motor vehicles				
Carrying amount at beginning of financial year	650,606	290,558	-	-
Additions	258,051	450,668	-	-
Disposals	(48,050)	(7,000)	-	-
Accumulated depreciation on disposals	49,050	2,021	-	-
Depreciation	(269,749)	(85,641)	-	-
Carrying amount at end of financial year	639,908	650,606	-	-
Furniture and fittings				
Carrying amount at beginning of financial year	424,845	409,783	-	-
Additions	94,936	229,605	-	-
Disposals	(180,940)	(80,166)	-	-
Accumulated depreciation on disposals	156,176	77,972	-	-
Depreciation	(216,861)	(212,349)	-	-
Carrying amount at end of financial year	278,156	424,845	-	-
Mine development costs				
Carrying amount at beginning of financial year	10,531,595	10,529,550	-	-
Additions	7,265,303	10,600,258	-	-
Impairment	-	(10,598,213)	-	-
Amortisation	(9,987,798)	-	-	-
Carrying amount at end of financial year	7,809,100	10,531,595	-	-
Capital works in progress				
Carrying amount at beginning of financial year	474,502	3,180,954	-	-
Additions	2,877,481	10,878,711	-	-
Transferred to fixed assets	(3,295,237)	(11,864,375)	-	-
Impairment	-	(1,720,788)	-	-
Carrying amount at end of financial year	56,746	474,502	-	-

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Consolidated		Company	
		2009 \$	2008 \$	2009 \$	2008 \$
Total property plant and equipment					
Carrying amount at beginning of financial year		24,228,353	16,711,568	-	-
Additions		11,641,917	29,416,272	-	-
Disposals		(1,258,980)	(88,392)	-	-
Accumulated depreciation on disposals		463,800	81,219	-	-
Depreciation	3	(3,864,021)	(1,508,395)	-	-
Amortisation	3	(9,987,798)	-	-	-
Impairment	3	-	(20,383,919)	-	-
Carrying amount at end of financial year		21,223,271	24,228,353	-	-

13. EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation costs carried forward in respect of areas of interest (net of amounts written off) (a)		3,992,169	2,269,083	-	-
(a) Reconciliation					
Carrying amount at the beginning of the year		2,269,083	1,775,503	-	-
Expenditure during the period		2,569,950	3,236,186	-	-
Expenditure written off		(846,864)	(2,742,606)	-	-
		3,992,169	2,269,083	-	-

(a) The ultimate recoupment of exploration and evaluation expenditure is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas. During the year the Company expensed costs totalling \$846,864 (2008: \$2,742,606).

14. LOANS AND BORROWINGS

Current

Finance lease liabilities (i)		45,030	171,562	-	-
Loan (ii)		6,184,195	-	6,184,195	-
		6,229,225	171,562	6,184,195	-

Non-Current

Finance lease liabilities (i)		-	45,030	-	-
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	30 June 2009		30 June 2008	
	Face Value	Carrying Amount	Face Value	Carrying Amount
(i) Finance lease liabilities	45,621	45,030	228,106	216,592

The finance lease liability is denominated in Australian dollars with a nominal interest rate of 7.85% and will mature in 2009.

(ii) Loan Amount

	Effective Interest Rate	Maturity	30 June 2009		30 June 2008	
			Face Value	Carrying Amount	Face Value	Carrying Amount
HKD 13.4 million	15%	30 Sept 2009	2,127,277	2,153,504	-	-
HKD 25.1 million	15%	30 Sept 2009	3,999,462	4,030,691	-	-
			6,126,739	6,184,195	-	-

The two loan facilities above are due for repayment on 30 September 2009. However subsequent to year end, the Company has entered into a new loan agreement with AP Finance Limited.

Under the terms of the new agreement, the two existing loan facilities will be rolled into a single new (and increased) loan facility with the following key provisions:

- AP Finance Limited has agreed to lend the Company up to HK\$ 68 million (approximately A\$10.1 million) at an interest rate of 12% per annum; and
- The Company must repay the Loan in full by 31 December 2010.

15. TRADE AND OTHER PAYABLES

	Consolidated		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Current				
Trade creditors	3,151,839	4,281,594	-	-
Other creditors and accruals	3,214,450	4,618,170	-	-
	6,366,289	8,899,764	-	-

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 29.

16. PROVISIONS

Current

Employee entitlements	718,915	579,554	-	-
	718,915	579,554	-	-

The controlled entity had 107 equivalent full time employees as at 30 June 2009 (2008: 54)

Non-Current

Employee entitlements	371,495	-	-	-
Site and mine restoration	1,918,860	1,815,970	-	-
	2,290,355	1,815,970	-	-

Annual Leave

Annual leave that is expected to be settled within 12 months of the reporting date represents present obligations resulting from employees' services provided to reporting date and is calculated at undiscounted amounts based on remuneration wage and salary rates that the Consolidated Entity expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Site and mine restoration

In accordance with the Consolidated Entity's environmental policy and applicable legal requirements, a provision for site restoration and mine rehabilitation is recognised when the land is disturbed. The basis of accounting is set out in Note 1(h) of the significant policies. The increase during the year represents the unwinding of the discount rate of interest.

Long service leave

Long service leave that is due and payable is disclosed as a current employee provision. A provision is recognised in the accounts based on weighted probabilities that the necessary service levels are attained.

17. ISSUED CAPITAL

	Consolidated		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Share capital				
3,538,390,059 (2008: 1,179,463,353) ordinary shares, fully paid	183,469,346	172,382,390	183,469,346	172,382,390
	183,469,346	172,382,390	183,469,346	172,382,390

Movements in issued capital

Balance at beginning of year	172,382,390	135,074,879	172,382,390	135,074,879
Shares issued				
- 2,358,926,706 (2008: 380,000,000) shares issued for cash	11,794,634	39,500,000	11,794,634	39,500,000
- Transaction costs arising from issues for cash	(707,678)	(2,192,489)	(707,678)	(2,192,489)
Balance at end of year	183,469,346	172,382,390	183,469,346	172,382,390

Shares issued for cash during the year

On 24 October 2008 the Company announced the successful completion of the fully underwritten, pro-rata renounceable entitlements issue of 2,358,926,706 shares on the basis of two (2) shares for every one (1) share held at an issue price of 0.5 cents per share to raise \$11.79 million before issue costs.

Terms and conditions of ordinary shares

Holders of ordinary shares are entitled to receive dividends that are declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of a winding up of the Company, ordinary shareholders rank after creditors.

17. ISSUED CAPITAL (CONTINUED)

Options

During the year the following options were issued:

Exercise Price (\$)	Number of Options	Grant Date	Expiry Date
\$0.013	22,000,000	3 March 2009	28 February 2014

During the year the following options were forfeited:

Exercise Price (\$)	Number of Options	Grant Date	Expiry Date
\$0.18	350,000	1 December 2005	22 November 2009
\$0.15	750,000	30 April 2007	31 March 2012
\$0.20	5,000,000	18 July 2007	18 July 2012
\$0.15	5,000,000	18 July 2007	18 July 2012
	11,100,000		

At the end of the year there were 43,000,000 unissued ordinary shares in respect of which unquoted options were outstanding as follows:

Expiry Date	Type	Exercise Price	2009 Number	2008 Number
20 October 2009	Unquoted	\$0.225	15,000,000	15,000,000
22 November 2009	Unquoted	\$0.225	450,000	450,000
22 November 2009	Unquoted	\$0.18	900,000	1,250,000
31 March 2012	Unquoted	\$0.15	1,150,000	1,900,000
18 July 2012	Unquoted	\$0.20	-	5,000,000
18 July 2012	Unquoted	\$0.15	-	5,000,000
22 November 2012	Unquoted	\$0.20	1,750,000	1,750,000
22 November 2012	Unquoted	\$0.15	1,750,000	1,750,000
28 February 2014	Unquoted	\$0.013	22,000,000	-
			43,000,000	32,100,000

18. ACCUMULATED LOSSES

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Accumulated losses at the beginning of the year	(143,088,988)	(110,503,067)	(143,088,988)	(110,503,067)
Net loss for year	(21,029,451)	(32,585,921)	(21,029,451)	(32,585,921)
Accumulated losses at the end of the year	(164,118,439)	(143,088,988)	(164,118,439)	(143,088,988)

19. CONTINGENT LIABILITIES

(a) Department of Industry & Resources

Performance Bonds totalling \$2,215,000 (2008: \$2,190,000) have been granted in favour of the Minister for State Development in the form of term deposits and cash deposits. Security given by the parent entity for these bonds is a right of indemnification from term deposits totalling \$2,215,000 (2008: \$2,190,000) which is included in Note 9.

(b) Financial Support of Controlled Entity

The Company has agreed to financially support its controlled entity Tanami Exploration NL.

(c) Claims of Native Title

On 20 April 2005 the Company entered into the Tjurabalan Native Title Coyote Gold Project Agreement which enabled the Coyote Gold Project to be developed. Central to the Agreement is a commitment to employment, training and business development opportunities for the Tjurabalan People. Importantly, the Tjurabalan People's interests and benefits payable by the Company are aligned with gold production levels achieved by the Company from the Project.

The Company has entered into several Deeds for Exploration with different traditional owner groups and the Central Land Council in relation to tenements held in the Northern Territory. Such agreements provide for exploration to be undertaken on Aboriginal Land Trust areas subject to certain conditions being met including approved clearance surveys over areas to be explored.

Several of the Company's tenements in the Northern Territory are subject to the procedures of the Native Title Act 1993.

20. COMMITMENTS

(a) Exploration Expenditure

The Consolidated Entity has certain obligations to perform minimum exploration work on mineral leases held. These obligations may vary over time, depending on the Consolidated Entity's exploration program and priorities. These obligations are also subject to variations by negotiation, joint venturing or relinquishing some of the relevant tenements. As at balance date, total exploration expenditure commitments of the Consolidated Entity which have not been provided for in the financial statements and which are discretionary amount to \$2,539,540 per annum (2008: \$2,621,085). The Consolidated Entity's tenement commitment can be reduced by obtaining expenditure exemptions and/or relinquishment of tenements.

Exploration Expenditure Commitments

	Consolidated		Company	
	2009	2008	2009	2008
Within one year	2,539,540	2,621,085	-	-

(b) Financial support to subsidiary

Tanami Gold NL has provided an undertaking to continue providing financial support to its controlled entity, Tanami Exploration NL.

(c) Contracts – key management personnel

The Company has entered into a management agreement with Mr Sloan for his services as Managing Director/CEO. Under the contract, a termination notice period of three months is required from Mr Sloan, which, based on current remuneration rates, would amount to a termination payment of \$109,000. Alternatively, under the contract a termination notice period of 6 months is required from the Company, which, based on current remuneration rates would amount to a termination payment of \$218,000.

The Company had entered into a management agreement with Mr Cheong for his services as Resident Mine Manager. Under the contract, a termination notice period of three months was required. Mr Cheong resigned on 4 May 2009.

The Company has entered into a management agreement with Mr Latto for his services as Chief Financial Officer. Under the contract, a termination notice period of three months is required, which, based on current remuneration rates, would amount to a termination payment of \$52,500 (2008: \$52,500).

The Company has entered into a management agreement with Mr Smith for his services as Geology Manager. Under the contract, a termination notice period of one month is required, which, based on current remuneration rates, would amount to a termination payment of \$18,621 (2008: \$18,621).

The Company has entered into a management agreement with Mr Walker for his services as General Manger Operations. Under the contract, a termination notice period of three months is required, which, based on current remuneration rates, would amount to a termination payment of \$84,475.

(d) Operating lease

The Group lease the corporate office under an operating lease. The lease runs for 3 years commencing on 1 February 2007 and expiring on 31 January 2010. Lease payments are increased annually to reflect market rentals. During the year ended 30 June 2009 \$382,327 was recognised as an expense in the income statement in respect to the operating lease (2008: \$227,733).

Operating Lease Commitments

	Consolidated		Company	
	2009	2008	2009	2008
Within one year	209,428	223,228	-	-
Between one and five years	-	130,216	-	-
	209,428	353,444	-	-

21. EMPLOYEE BENEFITS

Equity Plans

(i) Directors' options

2009

During the financial year, no options were issued to Directors.

2008

During the financial year, the following options were issued to Directors.

Directors	Number of Options Granted During 2008	Exercise Price	Grant Date	Expiry Date
Mr F Sibbel	5,000,000	\$0.20	18 July 2007	18 July 2012
Mr F Sibbel	5,000,000	\$0.15	18 July 2007	18 July 2012
Mr A Senior	1,750,000	\$0.20	23 November 2007	22 November 2012
Mr A Senior	1,750,000	\$0.15	23 November 2007	22 November 2012

All options held by Mr F Sibbel were forfeited six months after cessation of employment.

21. EMPLOYEE BENEFITS (CONTINUED)

Summary of directors' options over unissued shares

Details of options over unissued shares as at the beginning and ending of the reporting date are set out below.

Grant Date	Exercise date on or after	Expiry Date	Exercise Price	Number of options at beginning of year	Options Granted	Options Expired/ Forfeited (i)	Number of options at 30 June 2009	
							On Issue	Vested
20 Oct 2004	20 Oct 2004	20 Oct 2009	\$0.225	15,000,000	-	-	15,000,000	15,000,000
18 July 2007	18 July 2007	18 July 2012	\$0.20	5,000,000	-	(5,000,000)	-	-
18 July 2007	18 July 2007	18 July 2012	\$0.15	5,000,000	-	(5,000,000)	-	-
23 Nov 2007	23 Nov 2007	22 Nov 2012	\$0.20	1,750,000	-	-	1,750,000	-
23 Nov 2007	23 Nov 2007	22 Nov 2012	\$0.15	1,750,000	-	-	1,750,000	-

(i) Options Expired

No options expired during the financial year.

Options Forfeited

10,000,000 options were forfeited during the financial year.

(ii) Employee share option plan

The Employee Share Option Plan ("ESOP") was approved by shareholders at a general meeting of the Company on 18 October 2004.

In consideration of the continued services of the specified employees, the Company granted options to subscribe for one ordinary fully paid share in the capital of the Company. The options on issue at the start of the financial year may only be exercised on or after the second anniversary of the date of issue of the options.

Summary of movements in the plan for the financial year:

Grant Date	Exercise date on or after	Expiry Date	Exercise Price	Number of options at beginning of year	Options Granted (ii)	Options Expired/ Forfeited (iii)	Number of options at 30 June 2009	
							On Issue	Vested
20 Oct 2004	20 Oct 2004	20 Oct 2009	\$0.225	15,000,000	-	-	15,000,000	15,000,000
18 July 2007	18 July 2007	18 July 2012	\$0.20	5,000,000	-	(5,000,000)	-	-
18 July 2007	18 July 2007	18 July 2012	\$0.15	5,000,000	-	(5,000,000)	-	-
23 Nov 2007	23 Nov 2007	22 Nov 2012	\$0.20	1,750,000	-	-	1,750,000	-
23 Nov 2007	23 Nov 2007	22 Nov 2012	\$0.15	1,750,000	-	-	1,750,000	-
22 Nov 2004	22 Nov 2005	22 Nov 2009	\$0.225	450,000	-	-	450,000	450,000
1 Dec 2005	1 Dec 2007	20 Nov 2009	\$0.18	1,250,000	-	(350,000)	900,000	900,000
30 Apr 2007	31 Mar 2009	31 Mar 2012	\$0.15	1,900,000	-	(750,000)	1,150,000	1,150,000
3 Mar 2009	*	28 Feb 2014	\$0.013	-	22,000,000	-	22,000,000	-
				32,100,000	22,000,000	(11,100,000)	43,000,000	17,500,000

* The exercise date is depended on the commencement date of the individual employees who have been issued the options. 50% of the options can be exercised after 12 months of continuous employment and 50% can be exercised after 24 months of continuous employment. The employees' commencement dates range from 28 August 1995 to 1 January 2009.

(ii) Valuation of Options

The options granted as compensation during the year were valued using Black Scholes option valuation model using the following parameters.

Options Granted	Issue Date	Exercise Date	Expiry Date	Exercise Price	Interest Rate	Volatility	Value of Options
22,000,000	3 Mar 2009	*	28 Feb 2014	\$0.013	3.795%	110.8%	\$0.0218

* The exercise date is depended on the commencement date of the individual employees who have been issued the options. 50% of the options can be exercised after 12 months of continuous employment and 50% can be exercised after 24 months of continuous employment. The employees' commencement dates range from 28 August 1995 to 1 January 2009.

(iii) Options Expired

No options expired during the financial year.

Options Forfeited

11,100,000 options were forfeited during the financial year.

22. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of Key Management Personnel

(ii) Specified Directors

Denis Waddell (Non-Executive Chairman)	(appointed July 1995)
Graeme Sloan (Managing Director/CEO)	(appointed September 2008)
Alan Senior (Non-Executive Director)	(appointed July 2007)
Seng Hui Lee (Non-Executive Director)	(appointed March 2008)

(iii) Specified Executives

Geoff Cheong (Resident Manager)	(appointed March 2008, resigned May 2009)
Tim Smith (Geology Manager)	(appointed July 2003)
Jon Latto (Chief Financial Officer)	(appointed November 2007)
Rob Walker (General Manager Operations)	(appointed October 2008)

(b) Remuneration of Key Management Personnel

The key management personnel compensation included in 'personnel expenses' (see note 4) is as follows:

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
<i>In AUD</i>				
Short-term employee benefits	2,084,260	1,916,052	-	-
Post-employment benefits	165,978	152,611	-	-
Share-based payments	181,974	342,439	-	-
Total	2,432,212	2,411,102	-	-

(i) Individual directors and executives compensation disclosures

Information regarding individual director's and executive's compensation and some equity instruments disclosures as required by Corporations Regulations 2M.3.03 and 2M.6.04 is provided in the Remuneration Report section of the Directors' Report.

Mr Denis Waddell transitioned from Executive Chairman to Non-Executive Chairman on 30 November 2008. In the second half of the financial year ended 30 June 2009, Mr Waddell provided consulting services to Tanami Gold NL totalling \$94,500.

Shareholdings of directors – number of shares in Tanami Gold NL

2009

	Ordinary Fully Paid Shares	Balance 1 July 2008	Granted as Remuneration	On Market Purchases	Balance 30 June 2009
Directors					
D Waddell		14,000,000	-	56,080,000	70,080,000
G Sloan		-	-	-	-
A Senior		100,000	-	600,000	700,000
SH Lee		150,000,000	-	739,557,408	889,557,408
Other Key Management Personnel					
G Cheong		-	-	-	-
J Latto		-	-	-	-
T Smith		-	-	-	-
R Walker		-	-	623,684	623,684
Total		164,100,000	-	796,861,092	960,961,092

22. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(b) Remuneration of Key Management Personnel (Continued)

2009

Options	Balance 1 July 2008	Granted as Remuneration	Options Expired	Balance 30 June 2009
Directors				
D Waddell	15,000,000	-	-	15,000,000
G Sloan	-	-	-	-
A Senior	3,500,000	-	-	3,500,000
SH Lee	-	-	-	-
F Sibbel	10,000,000	-	(10,000,000)	-
Other Key Management Personnel				
G Cheong	300,000	1,000,000	-	1,300,000
J Latto	300,000	1,000,000	-	1,300,000
T Smith	750,000	1,000,000	-	1,750,000
R Walker	-	10,000,000	-	10,000,000
M Casey	500,000	-	(500,000)	-
Total	30,350,000	13,000,000	(10,500,000)	32,850,000

2008

Ordinary Fully Paid Shares	Balance 1 July 2007	Granted as Remuneration	On Market Purchases	Balance 30 June 2008
Directors				
D Waddell	9,161,023	-	4,838,977	14,000,000
F Sibbel	200,000	-	400,000	600,000
A Senior	-	-	100,000	100,000
SH Lee	-	-	150,000,000	150,000,000
Other Key Management Personnel				
G Cheong	-	-	-	-
T Smith	-	-	-	-
J Latto	-	-	-	-
M Casey	-	-	-	-
Total	9,361,023	-	155,338,977	164,700,000

Options	Balance 1 July 2007	Granted as Remuneration	Options Expired	Balance 30 June 2008
Directors				
D Waddell	15,000,000	-	-	15,000,000
F Sibbel	-	10,000,000	-	10,000,000
A Senior	-	3,500,000	-	3,500,000
SH Lee	-	-	-	-
Other Key Management Personnel				
G Cheong	300,000	-	-	300,000
T Smith	750,000	-	-	750,000
J Latto	-	300,000	-	300,000
M Casey	500,000	-	-	500,000
Total	16,550,000	13,800,000	-	30,350,000

All equity transactions with directors other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

(d) 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.

One of those 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.

23. NON-KEY MANAGEMENT PERSONNEL RELATED PARTIES DISCLOSURES

Wholly-Owned Group

Details of the Company's interest in a wholly-owned controlled entity are set out at Note 11. Details of dealings with this entity are set out below.

Loans

The loan to the controlled entity is unsecured, interest-free and of no fixed term. The loan is provided primarily to fund exploration and mining expenditure by the controlled entity. Accordingly, the ultimate recoupment of the loan is dependent upon successful development and commercial exploitation, or alternatively, sale of respective tenement interests.

Balances with Controlled Entity

The aggregate amount receivable from the wholly-owned controlled entity by the Company at balance date before provision for non-recovery is \$192,443,028 (2008: \$173,914,495). Refer to Note 9.

Loans from Related Parties

The Company has the following two unsecured loan facilities with AP Finance Limited as at 30 June 2009:

- An unsecured loan facility for HK\$14.5 million (drawn down to HK\$13.4 million) as at 30 June 2009. This equates to an Australian dollar facility of approximately \$2.30 million (drawn down to \$2.13 million); and
- An unsecured loan facility for HK\$35 million (drawn down to HK\$25.1 million) as at 30 June 2009. This equates to an Australian dollar facility of approximately \$5.57 million (drawn down to \$3.99 million).

Both of these loans had an interest rate of 15% per annum and were due for repayment on 30 September 2009. On 18 September 2009 (and prior to the expiry of these two unsecured loan facilities), the Company has entered into a new loan agreement with AP Finance Limited.

Under the terms of the new agreement, the two existing loan facilities will be rolled into a single new (and increased) loan facility with the following key provisions:

- AP Finance Limited has agreed to lend the Company up to HK\$ 68 million (approximately A\$10.1 million) at an interest rate of 12% per annum; and
- The Company must repay the Loan in full by 31 December 2010.

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

24. INTEREST IN JOINT VENTURES

Current joint venture equities are as follows:

Joint Ventures	Managers	Interest	Principal Activity
Yuendumu	Tanami Gold NL	Earning 88% (2008: 88%)	Gold Exploration

25. SEGMENT INFORMATION

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

26. LOSS PER SHARE

	2009	2008
	Number of shares	
Weighted average number of ordinary shares used as the denominator in the calculation of basic earnings per share	2,788,703,763	1,039,051,298

Diluted earnings per share must be calculated where potential ordinary shares on issue are dilutive. As the potential ordinary shares on issue would decrease the loss per share in the current year, they are not considered dilutive. The number of potential ordinary shares is 43,000,000.

Weighted average number of ordinary shares

Consolidated	Note	2009	2008
Issued ordinary shares at 1 July	17	1,179,463,353	799,463,353
Effect of shares issued in October 2008	17	1,609,240,410	
Effect of shares issued in July 2007	17		47,808,219
Effect of shares issued in November 2007	17		77,988,493
Effect of shares issued in December 2007	17		113,791,233
Weighted average number of ordinary shares at 30 June		2,788,703,763	1,039,051,298

27. NOTES TO THE STATEMENT OF CASH FLOWS

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
(a) Reconciliation of cash and cash equivalents				
For the purposes of the statements of cash flows, cash includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statements of financial position as follows:				
Cash assets	1,157,195	2,668,945	411	2,526,375
(b) Reconciliation of net cash flow from operating activities to net loss				
Net loss	(21,029,451)	(32,585,921)	(21,029,451)	(32,585,921)
Add/(less) non-cash items:				
Exploration expenditure written off	846,864	2,742,607	-	-
Provision for non-recovery of loan	-	-	19,508,883	33,780,856
Depreciation	3,864,021	1,508,395	-	-
Amortisation	9,987,798	-	-	-
Foreign exchange loss	141,614	-	141,097	-
Impairment of Coyote Gold mine assets	-	20,383,919	-	-
Unwinding of interest rate on provision for rehabilitation	102,889	76,300	-	-
Share based payments	251,985	219,590	251,985	219,590
Non cash movement in debtors (group tax entry)	-	(341,976)	-	(341,976)
Bad debts written off	-	-	-	12,465
Add/(less) items classified as investing/financing activities:				
Loss/(Gain) on disposal of fixed assets	25,111	(87,010)	-	-
Net cash (used in)/provided by operating activities before changes in assets and liabilities	(5,809,169)	(8,084,096)	(1,127,486)	1,085,014
Changes in assets and liabilities during the financial year:				
Increase in capitalised exploration expenditure	(2,569,950)	(3,236,186)	-	-
Increase in capitalised development expenditure	(7,212,709)	(10,600,258)	-	-
Decrease / (Increase) in receivables	1,382,118	(785,522)	-	-
Decrease / (Increase) in inventories	1,422,662	(5,989,201)	-	-
Increase in prepayments	(11,586)	(46,322)	-	-
Increase in provisions	510,855	804,021	-	-
(Decrease) / Increase in payables	(870,173)	2,750,651	446,357	-
Net cash (used in)/provided by operating activities	(13,157,952)	(25,186,913)	(681,129)	1,085,014

28. EVENTS SUBSEQUENT TO BALANCE DATE

Strategic Exploration Alliance with ABM Resources NL

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

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

- 1.5 million dollars cash;
- 265 million fully paid ordinary shares in ABM (27.3% estimated initial equity position) at no consideration. Such shares will be subject to a 12 month voluntary escrow period;
- 150 million unlisted options with an exercise price of 1.5 cents and an expiry date of 5 years. The exercise of the options is conditional upon ABM's shares trading at or above a minimum VWAP of 3 cents over 20 consecutive ASX trading days;
- 150 million unlisted options with an exercise price of 1.5 cents and an expiry date of 5 years. The exercise of the options is conditional upon ABM's shares trading at or above a minimum VWAP of 3.5 cents over 20 consecutive ASX trading days; and
- One seat on the ABM Board.

The strategic exploration alliance with ABM is conditional upon the satisfaction of the following:

- Completion of due diligence by both parties on the tenements, to the satisfaction of both parties at their sole and absolute discretion;
- Tanami Gold NL and ABM obtaining all necessary approvals, consents or waivers to give effect to the transaction;
- Tanami Gold NL and ABM entering into a formal agreement to more fully document the terms of the acquisition;
- ABM raising a minimum of \$5 million for the acquisition and associated costs on terms satisfactory to ABM;
- Tanami Gold NL and ABM entering into a storage agreement on terms acceptable to both parties; and
- Tanami Gold NL obtaining the consent of the Central Land Council to assign all of the Company's native title rights and Deeds for Exploration entered into with the Central Land Council and Traditional Owners relating to the tenements to ABM on terms that are no less favourable to ABM.

28. EVENTS SUBSEQUENT TO BALANCE DATE (CONTINUED)

Loan Facility with AP Finance Limited

The Company has the following two unsecured loan facilities with AP Finance Limited as at 30 June 2009:

- An unsecured loan facility for HK\$14.5 million (drawn down to HK\$13.4 million) as at 30 June 2009. This equates to an Australian dollar facility of approximately \$2.30 million (drawn down to \$2.13 million); and
- An unsecured loan facility for HK\$35 million (drawn down to HK\$25.1 million) as at 30 June 2009. This equates to an Australian dollar facility of approximately \$5.57 million (drawn down to \$3.99 million).

Both of these loans have an interest rate of 15% per annum and are due for repayment on 30 September 2009. On 18 September 2009 (and prior to the expiry of these two unsecured loan facilities), the Company entered into a new loan agreement with AP Finance Limited.

Under the terms of the new agreement, the two existing loan facilities will be rolled into a single new (and increased) loan facility with the following key provisions:

- AP Finance Limited has agreed to lend the Company up to HK\$68 million (approximately A\$10.1 million) at an interest rate of 12% per annum; and
- The Company must repay the Loan in full by 31 December 2010.

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

29. FINANCIAL RISK MANAGEMENT

Overview

This note presents information about the Company's and Group's exposure to credit, liquidity and market risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the group through regular reviews of the risks.

1. Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from its customers and investment securities. For the company it arises from receivables due from subsidiaries.

Presently, the Group undertakes mining, exploration and evaluation activities exclusively in Australia. At the balance sheet date there were no significant concentrations of credit risk.

Cash and cash equivalents

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

Other receivables

The Group's revenue is derived (apart from immaterial recharges) from gold sales. Management does not expect any counterparty to a gold sale to fail to meet its obligations.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date is:

	Note	Consolidated Carrying Amount	
		2009	2008
Cash and cash equivalents	8	1,157,195	2,668,944
Other receivables	9	3,183,270	4,564,469

The Group is not exposed to credit risk in relation to the cash and cash equivalents or other receivables in the preceding table because:

- The Group only invests in liquid securities and only with counterparties that have an acceptable credit risk rating, and as a result, Management consider that there is minimal credit risk attached to the Group's cash and cash equivalents balances;
- The Group's other receivables predominantly relate to amounts payable from Government institutions which management consider is risk free. Of the \$3,183,270 in other receivables, \$277,626 relates to GST receivables, \$2,231,100 relates to environmental performance bonds lodged with the Northern Territory Department of Industry and Resources and the Western Australian Minister of State Development, and \$153,919 relates to fuel rebates; and
- Of the remaining \$520,625 of the Group's other receivables \$171,723 relates to recharges to contractors engaged at the Coyote Gold Project, \$164,016 relates to insurance prepayments, \$120,316 relates to a rental bond for the corporate office and the balance of \$64,570 relates to miscellaneous receivables. These recharges, prepayments and rental bonds are on commercial terms, and as a result, Management consider that there is minimal risk associated with these amounts.

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

1. Credit Risk (Continued)

	Note	Consolidated Carrying Amount	
		2009	2008
Cash and cash equivalents	8	411	2,526,375
Other receivables	9	23,107,908	24,088,259
Investment in subsidiaries	11	3,013,232	3,013,232

The Company is not exposed to credit risk in relation to the cash and cash equivalents or other receivables in the preceding table because:

- The Company only invests in liquid securities and only with counterparties that have an acceptable credit risk rating, and as a result, Management consider that there is minimal credit risk attached to the Group's cash and cash equivalents balances;
- The Company's other receivables is a loan to the controlled entity. The loan is unsecured, interest free and repayable at call, but the Company does not intend to recall the loan over the next 12 months. The loan is used to fund exploration, production and mine development activities by the controlled entity. Accordingly, the ultimate recoupment of the loan and the investment in the controlled entity (refer to Note 11) is dependant upon successful development and commercial exploitation, or alternatively, sale of the respective areas of interest; and
- The \$3,013,232 investment in subsidiaries relates to shares held in Tanami Exploration NL.

Impairment losses
None of the Group's other receivables are past due (2008: nil).

Guarantees
Group policy is to provide financial guarantees only to wholly-owned subsidiaries.

2. Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group'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 Group manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Consolidated 30 June 2009	Carrying Amount	Contractual Cash flows	6 Months or Less	6-12 Months	1-2 Yrs	2-5 Yrs	More Than 5 Yrs
Loan	6,184,195	(6,184,195)	(6,184,495)	-	-	-	-
Trade and other payables	6,366,289	(6,366,289)	(6,366,289)	-	-	-	-
	12,595,514	(12,596,105)	(12,596,105)	-	-	-	-

Consolidated
30 June 2008

Consolidated 30 June 2008	Carrying amount	Contractual Cash flows	6 Months or Less	6-12 Months	1-2 Yrs	2-5 Yrs	More Than 5 Yrs
Trade and other payables	8,899,764	(8,899,764)	(8,899,764)	-	-	-	-
	9,116,356	(9,127,870)	(8,991,006)	(91,242)	(45,622)	-	-

3. Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

4. Currency Risk

The Company currently has Hong Kong dollar denominated debt with an Australian dollar equivalent of \$6,184,195 as at 30 June 2009 and therefore has exposure to movements in the Hong Kong dollar/Australian dollar exchange rate.

The Company is (in conjunction with an independent external expert) currently assessing its options to limit its exposure to this exchange rate risk.

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

4. Currency Risk (Continued)

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Liabilities		Assets	
	2009 (AUD)	2008 (AUD)	2009 (AUD)	2008 (AUD)
Australian dollar carrying amount at Hong Kong dollar denominated liabilities	6,184,195	-	-	-

Sensitivity analysis – exchange rates

The following sensitivity is based on the foreign currency risk exposures in existence at the balance sheet date.

At 30 June 2009, if exchange rates had moved, as illustrated in the table below, the loan payable would be affected as follows:

Judgements of reasonably possible movements	Consolidated		Company	
	2009 (AUD)	2008 (AUD)	2009 (AUD)	2008 (AUD)
AUD/HKD + 5% Loan higher/(lower)	(294,485)	-	(294,485)	-
AUD/HKD - 5% Loan higher/(lower)	325,484	-	325,484	-

5. Interest Rate Risk

The Group is exposed to interest rate risk (primarily 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 Group does not use derivatives to mitigate these exposures.

	Consolidated Carrying Amount		Company Carrying Amount	
	2009	2008	2009	2008
Fixed rate instruments				
Finance lease liability	45,030	216,592	-	-
Loan	6,184,195	-	6,184,195	-
	6,229,225	216,592	6,184,195	-

	Consolidated Carrying Amount		Company Carrying Amount	
	2009	2008	2009	2008
Variable rate instruments				
Cash and cash equivalents	1,157,195	2,668,944	411	2,526,375
Other receivables*	2,215,000	2,190,000	-	-
	3,372,195	4,858,944	411	2,526,375

* Other receivables which are variable rate instruments are the term deposits placed in support of environmental performance bonds lodged with the Minister of State Development (WA) \$2,215,000 (2008: \$2,190,000). From January 2009 interest income from the term deposits matures on a monthly basis and its value is dependent on a variable interest rate.

Fair value sensitivity analysis for fixed instruments

The Group 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.

A change of 100 basis points in interest rates would have increased or decreased the Group's equity by \$33,722 (2008: \$26,684) and the Company's equity by \$33,722 (2008: \$26,684).

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 the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2008.

30 June 2009	Profit or loss		Equity	
	100bp increase	100bp decrease	100bp increase	100bp decrease
Interest income on cash balance	11,572	(11,572)	11,572	(11,572)
Interest income on other receivables (term deposits)	22,150	(22,150)	22,150	(22,150)
Cash flow sensitivity (net)	33,722	(33,722)	33,722	(33,722)

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

5. Interest Rate Risk (Continued)

30 June 2008

	Profit or loss		Equity	
	100bp increase	100bp decrease	100bp increase	100bp decrease
Interest income on cash balance	\$26,684	(\$26,684)	\$26,684	(\$26,684)
Cash flow sensitivity (net)	\$26,684	(\$26,684)	\$26,684	(\$26,684)

6. 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:

Consolidated	30 June 2009		30 June 2008	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	1,157,195	1,157,195	2,668,944	2,668,944
Other receivables	3,183,270	3,183,270	4,564,469	4,564,469
Trade and other payables	6,366,289	6,366,289	8,899,764	8,899,764
Finance lease liabilities	45,030	45,030	216,592	213,760
Loan	6,184,195	6,184,195	-	-

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve at the reporting date and were as follows:

	2009	2008
Finance lease liability	-	6.71%

7. Commodity Price Risk

The Group is a gold producer and has exposure to the Gold price. The Group operates so as to remain exposed to fluctuations in the gold price as is the current industry practice. The Group does not have any gold hedging contracts.

The Group manages its exposure to commodity price risk by:

- Actively monitoring gold prices on a daily basis;
- Actively engaging with industry experts to assess and review forecast gold price movements, which are taken into consideration when decisions are made to sell gold produced; and
- Entering into swap arrangements based on advice from industry experts which provides the Group with opportunities to leverage into favourable gold price movements prior to completion of the refining process.

Sensitivity analysis - gold price

	Consolidated		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Judgements of reasonably possible movements				
Gold Price + 50.00 AUD per ounce				
- Net loss for the year higher/(lower)	(1,313,227)	(1,250,000)	-	-
- Total equity higher/(lower)	1,313,227	1,250,000	-	-
Gold Price - 50.00 AUD per ounce				
- Net loss for the year higher/(lower)	(1,313,227)	(1,250,000)	-	-
- Total equity higher/(lower)	1,313,227	1,250,000	-	-

8. Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt. The Group's focus has been to raise sufficient funds through equity to fund development, exploration and evaluation activities.

There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

In the opinion of the directors of Tanami Gold NL ("the Company"):

1. the financial statements and notes including the Remuneration Report that are contained in sections 13 in the Directors' Report, set out on pages 23 to 27, are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the financial position of the Company and the Consolidated Entity as at 30 June 2009 and their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date; and
 - (b) complying with Australian Accounting Standards and the Corporations Regulations 2001.
2. The financial report also complies with International Financial Reporting Standards as disclosed in note 1.
3. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
4. The directors have been given the declaration required by Section 295A of Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2009.

Dated at West Perth this 30th day of September 2009.

Signed in accordance with a resolution of the Directors.



G J Sloan
Managing Director/CEO



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

Report on the financial report

We have audited the accompanying financial report of Tanami Gold NL (the Company), which comprises the balance sheets as at 30 June 2009, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 29 and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1(b), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's and the Group's financial position and of their performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Tanami Gold NL is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(b).

Report on the remuneration report

We have audited the Remuneration Report included in section 13 of the directors' report for the year ended 30 June 2009. 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 responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Tanami Gold NL for the year ended 30 June 2009, complies with Section 300A of the *Corporations Act 2001*.

Trevor Hart
Partner

Perth

30 September 2009

Distribution of Equity Securities as at 30 September 2009:

Number of Securities Held	Number of Holders
1 - 1,000	121
1,001 - 5,000	566
5,001 - 10,000	632
10,001 - 100,000	2,693
100,001 and over	1,463
Total number of holders	5,475

Holders of less than a marketable parcel as at 30 September 2009:

Ordinary Shares 883 (3,132,705 shares)

Substantial Shareholders as at 30 September 2009:

- Allied Properties Resources Limited – 889,557,408 Ordinary Shares

Options

Options on issue as at 30 September 2009:

Expiry Date	Type	Exercise Price	2009 Number	Number of Holders
20 October 2009	Unquoted	\$0.225	15,000,000	1
22 November 2009	Unquoted	\$0.225	450,000	4
22 November 2009	Unquoted	\$0.18	900,000	7
31 March 2012	Unquoted	\$0.15	1,150,000	8
22 November 2012	Unquoted	\$0.20	1,750,000	1
22 November 2012	Unquoted	\$0.15	1,750,000	1
28 February 2014	Unquoted	\$0.013	22,000,000	10
			43,000,000	32

Voting Rights

On a show of hands, every holder of ordinary shares present or by proxy shall have one vote. Upon a poll, each share shall have one vote.

On-Market Buy Back

There is no current on-market buy back.

Top 20 Shareholders - Ordinary Fully Paid 20 Cent Shares

Holder	Units Held	% of Units Issued
1 Allied Properties Resources Limited	75,705,902	21.41%
2 Sun Hung Kai Investment Services Limited (Client Future Rise)	225,000,000	6.36%
3 Eurogold Ltd	131,851,506	3.73%
4 HSBC Custody Nominees Australia Limited	62,629,223	1.77%
5 Krone Jorg (Tynedale Farm Account)	55,100,000	1.56%
6 Apache Investments Limited (Number 2 Account)	54,593,583	1.54%
7 Yandal Investments Pty Ltd	50,000,000	1.41%
8 Jemaya Pty Ltd (Featherby Family Account)	50,000,000	1.41%
9 Burke Anthony Michael	45,310,000	1.28%
10 Strathdale Pty Ltd	45,000,000	1.27%
11 Sun Hung Kai Investment Services Ltd (Client Katong Assets)	41,899,350	1.18%
12 Ravina Old Pty Ltd	40,500,000	1.14%
13 Tarney Holdings Pty Ltd	38,905,115	1.10%
14 CEN Pty Ltd	36,389,885	1.03%
15 Acumen Engineering Pty Ltd (S/F A/C)	32,000,000	.90%
16 Cressing Pty Ltd (Cressing S/F A/C)	31,500,000	.89%
17 Waddell Denis P & Francine L (DP Waddell S/F A/C)	30,944,885	.87%
18 Hendricus Pty Ltd (Perth Select Seafood)	29,500,000	.83%
19 Perth Select Seafoods Pty Ltd	28,000,000	.79%
20 National Nominees Limited	27,097,007	.77%
	1,813,926,456	51.24%

WESTERN AUSTRALIA	Granted From	Expiry Date	Blocks
WA (TGNL 100%)			
E80/1481	Balwina	05/10/93	04/10/09*
E80/1483	Bald Hill	16/04/92	15/04/10
E80/1677	Slatey Creek	15/03/94	14/03/09*
E80/1679	Southside	15/03/94	14/03/09*
E80/1737	Camel Hump	22/03/94	21/03/09*
E80/1905 ¹	Bald Hill Central	06/09/94	05/09/09*
E80/2036 ¹	Bald Hill North	17/02/95	16/02/09*
E80/2133	Killi Killi Hills	11/08/04	10/08/09*
E80/3238	Afghan	29/12/04	28/12/09
E80/3378	Tent Hill East	20/02/06	19/02/11
E80/3388	Olive	15/05/06	14/05/11
E80/3389	Popeye	15/05/06	14/05/11
E80/3665	Border	19/10/07	18/10/12
E80/3844	Lewis East	08/04/08	07/04/13
E80/3845	Lewis West	08/04/08	07/04/13
E80/3846	Camel	08/04/08	07/04/13
E80/3847	Hutch's Find	08/04/08	07/04/13
E80/4006	Hermes	20/11/08	19/11/13
E80/4305	Triton	Application	
E80/4306	Apollo	Application	
E80/4307	Argos	Application	
M80/559	Coyote 1	27/09/05	26/09/26
M80/560	Coyote 2	27/09/05	26/09/26
M80/561	Coyote 3	27/09/05	26/09/26
M80/562 ¹	Bald Hill 1	02/12/05	01/12/26
M80/563 ¹	Bald Hill 2	02/12/05	01/12/26
M80/564 ¹	Bald Hill 3	02/12/05	01/12/26
P80/1649	Afghan Gap	24/06/08	23/06/12
P80/1665	Yosemite Gap	13/01/09	12/01/13
P80/1675	Southside Gap 2	13/01/09	12/01/13
P80/1676	Southside Gap 3	13/01/09	12/01/13
P80/1678	Slatey Creek Gap 1	13/01/09	12/01/13
P(A)80/1692	Bald Hill Gap 1	Application	
P(A)80/1693	Bald Hill Gap 2	Application	
WESTERN AUSTRALIA TOTAL			2,288 km²

* Application for Extension of term lodged.

¹ Subject to royalty/claw back agreement with Barrick Gold of Australia Ltd.

SCHEDULE OF MINERAL TENEMENTS

NORTHERN TERRITORY				
	Granted From	Expiry Date	Blocks	
EASTERN TANAMI PROJECTS (TGNL 100%)				
EL5888	Supplejack	22/08/02	21/08/10	33
EL5889	Birringudu	22/08/02	21/08/10	27
EL8809	North Breden	17/10/02	16/10/10	15
EL10139	SW Pargee	17/10/02	16/10/10	27
EL(A)8762	Winnecke	Application		100
EL(A)8848	Lake Talbot	Application		58
EL(A)23523	Supplejack North	Application		120
EL(A)25194	Mongrel Fault	Application		34
EL(A)25844	Century Gap	Application		16
EL(A)26590	Eastern Creek	Application		9
EL(A)26591	Phillip Island	Application		10
EL(A)26592	Donington	Application		4
EL(A)26593	Suzuka	Application		58
EL(A)26608	Pargee Gap	Application		1
EL(A)26609	San Marino	Application		5
EL(A)26610	Highway	Application		1
EL(A)26613	Monza	Application		298
EL(A)26615	Le Mans	Application		30
EL(A)26616	Century Bore	Application		78
EL(A)26618	Mt Panorama	Application		16
EL(A)26619	Assen	Application		12
EL(A)26620	Indy	Application		34
EL(A)26621	Brands Hatch	Application		10
EL(A)26622	Silverstone	Application		6
EL(A)26623	Ware Range	Application		25
EL(A)26673	Monaco	Application		6
EL(A)27478	Mallee Breden	Application		37
EL(A)27566	Spatha	Application		75
EL(A)27570	Hasta	Application		17
EL(A)27656	Stake Range West	Application		5
NORTH EASTERN TANAMI PROJECT (TGNL 100%)				
EL8845	Lake Buck	23/03/01	22/03/11	5
EL9474	Farrands Hill	23/03/01	22/03/11	5
EL(A)25845	Ptilotus	Application		118
SOUTHERN TANAMI PROJECT (TGNL 100%)				
EL8824	Officer Hill	23/03/01	22/03/11	28
EL9295	Mongrel Downs	23/03/01	22/03/11	5
EL9616	Tin Can	23/03/01	22/03/11	3
EL(A)25191	Lake Ruth	Application		83
EL(A)25192	Tanami Downs	Application		110
HIGHLAND ROCKS PROJECT (TGNL 100%)				
EL(A)10306	Russet SW	Application		109
SEL(A)22156	Nardudi 2	Application		475
EL(A)23898	Russet Ridge	Application		125
EL(A)24473	Russet Ridge 2	Application		60

SCHEDULE OF MINERAL TENEMENTS

LAKE MACKAY (TGNL 100%)				
	Granted From	Expiry Date	Blocks	
EL(A)8695	Sandford Cliffs	Application		433
EL8696	Redvers	22/08/02	21/08/10	76
EL8697	Redvers North	22/08/02	21/08/10	28
EL(A)9343	Egerton	Application		42
EL9442	Superior	22/08/02	21/08/10	72
EL9449	Victoria	22/08/02	21/08/10	48
EL(A)10305	McEwin Hills	Application		26
EL(A)25866	Placid	Application		172
EL(A)24299	St Claire	Application		64
EL(A)24490	Placid 2	Application		220
EL(A)24492	Egerton 2	Application		249
EL(A)24567	Egerton South	Application		45
EL(A)24858	Erie	Application		85
EL(A)24915	Dufaur	Application		164
EL(A)24949	Huron	Application		448
EL(A)25630	Caspian	Application		373
EL(A)25632	Jordan	Application		264
YUENDUMU JOINT VENTURE (TGNL 80%)				
EL8434 ¹	Nicker	18/04/00	17/04/10	19
WALKELEY PROJECT (TGNL 100%)				
EL(A)22554	Stud Holme	Application		445
EL(A)22555	Walkeley	Application		493
EL(A)23926	Ngadiri	Application		487
EL(A)23927	Yinabalbu	Application		482
EL(A)26903	Stud Holme Split-off	Application		74
REYNOLDS RANGE PROJECT (TGNL 100%)				
EL23888 ²	Stafford	12/08/04	11/08/10	56
LANDER JOINT VENTURE (TGNL 60%)				
EL23655 ³	Lander	12/06/03	11/06/11	43
HUCKITTA JOINT VENTURE (TGNL 100%)				
EL22924 ⁴	Delny	23/12/02	22/12/10	68
EL24454 ⁴	Pulpit	15/06/05	14/06/11	116
WINNECKE PROJECT (TGNL 5%)				
EL9529 ⁵	Rankin	14/05/02	13/05/10	16
EL22759 ⁵	Gecko	02/04/02	01/04/10	5
NORTHERN TERRITORY TOTAL			23,700 km²	
TOTAL HELD			25,988 km²	

SCHEDULE OF MINERAL TENEMENTS

		Granted From	Expiry Date	Blocks
DEEP YELLOW AGREEMENT (DYL 100%)⁶				
EL(A)25097	Billabong North	Application		72
EL25101	Mordor West	21/11/06	20/11/12	30
EL(A)25146	Mt Morris West	Application		218
EL(A)25147	Mt Morris	Application		499
EL(A)25155	Mongrel Downs	Application		111
EL(A)25156	Abbotts Bore	Application		35
EL(A)25177	Fiddlers Lake	Application		209
EL(A)25212	Mt Davidson	Application		96

¹ Yuendumu Joint Venture between Tanami Gold NL and Yuendumu Mining Company NL. Tanami has 80% interest registered and is continuing to earn additional interest.

² Stafford Option Deed between Tanami Exploration NL and Newmont Gold Exploration Pty Ltd. Tenement is held by Tanami Exploration NL 100%. Newmont holds right to buy back 75% interest.

³ Lander Farm-in and Joint Venture between Select Resources Limited and Tanami Gold NL. Tanami has 60% interest and is earning additional 20%.

⁴ Joint Venture between Tanami Exploration NL and Mithril Resources Limited. Mithril is earning 60% interest.

⁵ Rankin-Gecko Agreement between Tanami Exploration NL (5% interest) and Maximus Resources Ltd (95% interest).

⁶ Heads of Agreement between Tanami Gold NL, Tanami Exploration NL and Deep Yellow Limited. Tanami has rights to gold.