



ABN 51 000 617 176

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**TANAMI GOLD NL**  
**ACN 000 617 176**

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## **NOTICE OF GENERAL MEETING**

**A General Meeting of the Company will be held at  
The Celtic Club 48 Ord Street , West Perth Western Australia  
on Monday 25 August 2014 at 9:00am (WST).**

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*This Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.*

***Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on +618 93819550***

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# TANAMI GOLD NL

ACN 000 617 176

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## NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of shareholders of Tanami Gold NL (**Company**) will be held at The Celtic Club, 48 Ord Street, Western Perth, Western Australia on Monday 25 August 2014 at 9:00am (WST) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 23 August 2014 at 5:00pm (WST).

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Schedule 1.

## AGENDA

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### 1. Resolution 1 – Approval of Licence and Lease Agreement

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*"That, Shareholders approve the grant to ABM Resource NL ACN 009 127 020 by the Company's wholly owned subsidiary, Tanami Exploration NL ACN 063 213 598, of:*

- (a) *a sublease to use the Tenements and the Infrastructure, including the Coyote Gold Processing Plant, (together the **Property**) for certain purposes;*
- (b) *an option to acquire the Property; and*
- (c) *a first right of refusal to acquire all or any of the Orbit Tenements,*

*in each case on the terms and conditions in the Licence and Lease Agreement and otherwise as detailed in the Explanatory Memorandum."*

BY ORDER OF THE BOARD



Pauline Collinson  
Company Secretary  
Dated: 18 August 2014

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# TANAMI GOLD NL

ACN 000 617 176

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## EXPLANATORY MEMORANDUM

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### 1. Introduction

This Explanatory Memorandum has been prepared for the information of shareholders of Tanami Gold NL ACN 000 617 176 (**Company**) in connection with the business to be conducted at the Meeting to be held at The Celtic Club, 48 Ord Street, Western Perth, Western Australia, Western Australia on Monday 25 August 2014 at 9:00am (WST) (**Meeting**).

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolution.

This Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolution:

Section 2: Action to be taken by Shareholders

Section 3: Resolution 1 – Approval of Licence and Lease Agreement

Schedule 1: Definitions

A Proxy Form is located at the end of this Explanatory Memorandum.

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### 2. Action to be taken by Shareholders

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolution.

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a "proxy") to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

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### 3. Resolution 1 – Approval of Licence and Lease Agreement

#### 3.1 General

As announced by the Company on 7 July 2014, the Company's wholly owned subsidiary, Tanami Exploration NL ACN 063 213 598 (**Tanami Exploration**), has entered into a licence and lease agreement with ABM Resources NL ACN 009 127 020 (**ABM**) dated 4 July 2014 (**Licence and Lease Agreement**), pursuant to which Tanami Exploration has agreed, amongst other things, to sublease to ABM its gold processing plant situated in the Western Tanami mining district in far north Western Australia.

The property of the Company that is the subject of the Licence and Lease Agreement includes:

- (a) the tenements detailed in Schedule 2 (**Tenements**);
- (b) the 240,000 tonnes per annum capacity gravity and CIL (carbon-in-leach) gold processing plant at Coyote and associated surface infrastructure situated on Mining Lease M80/559 (**Coyote Gold Processing Plant**); and
- (c) all other related surface infrastructure on the Tenements, including the infrastructure detailed in Schedule 3 (which, together with the Coyote Gold Processing Plant, comprises the **Infrastructure**).

The Infrastructure and the Tenements together comprise the **Property**.

The key commercial terms of the Licence and Lease Agreement include:

- (a) payment of a monthly licence fee of up to \$150,000 by ABM while it conducts due diligence investigations;
- (b) a \$2,000,000 lease payment from ABM for the first 12 months of production;
- (c) an option for ABM to extend the sublease for a further 12 months for a further lease payment of \$2,000,000;
- (d) an option for ABM to purchase the Tenements and the Infrastructure for \$3,000,000; and
- (e) a pre-emptive right for ABM to purchase the Orbit Tenements.

The grant of the Sublease pursuant to the Licence and Lease Agreement is subject to several conditions precedent, including Shareholder approval of the transactions contemplated by the Licence and Lease Agreement (which is being sought by Resolution 1).

Refer to Section 3.4 for further details of the conditions precedent to the grant of the Sublease and to Section 3.5 for a summary of the key terms of the Licence and Lease Agreement.

As detailed above, the Company will receive a monthly licence fee of up to \$150,000 to cover its costs of care and maintenance during the due diligence period. Should ABM exercise its right to sub-lease the Tenements, the \$2,000,000 lease payment will be used to repay debt owing under the Company's existing Sun Hung Kai Facility and for working capital. Any further lease payments or any purchase money will be similarly utilised.

### **3.2 Coyote Gold Project**

The Coyote Gold Project consists of a 240,000 tpa processing plant and associated infrastructure situated on ML 80/59 in the Tanami mining district in the far north of Western Australia.

Ore from the Coyote underground mine had been processed through the plant until it was placed on care and maintenance in April 2013 when it became uneconomic due to the fall in the gold price.

The Coyote Gold Project together with the Western Tanami mining tenements are the assets of Tanami Exploration.

### **3.3 Rationale for Licence and Lease Agreement**

The Company has previously announced that, following the unsuccessful drilling of the Kavanagh lode at the Coyote Gold Mine, the Company would re-evaluate the Company's position in respect to the Coyote, Kavanagh and the Western Tanami tenements. The Company has considered that, in view of the drilling results, the Company cannot consider reopening the mine. Also, in view of these results and the Company's financial position, the Company cannot justify or finance further drilling programs on the Coyote mining lease. Accordingly, the Board has taken the view that the Company's best option is to focus on its Central Tanami tenements situated in the Northern Territory. This includes the Company's main exploration asset, the one million ounce Groundrush resource.

The Company has considered the disposal of Coyote and the Western Tanami tenements and has been able to secure the proposal from ABM the subject of the Licence and Lease Agreement. The Company has carefully assessed the proposal and the possibility of obtaining any competing offers. The Company's conclusion is that there is little possibility of securing a better offer in the current market or in the foreseeable future.

The Licence and Lease Agreement does not cover the Mineral Rights relating to the Tenements, which are retained by the Company until such time (if at all) that ABM exercises its purchase option. During the Sublease Term the responsibility for past environmental disturbance and future mine closure costs remains with Tanami Exploration, and ABM will be responsible for any environmental disturbance occurring during the Sublease Term. If ABM exercises its purchase option, ABM will assume responsibility for all environmental liabilities in respect of the Property.

Pursuant to the Licence and Lease Agreement, ABM will be responsible for maintaining and operating the Infrastructure and, unless ABM exercises the purchase option, will return the Infrastructure to Tanami Exploration in the same operating condition in which ABM received it (fair wear and tear excepted).

### **3.4 Conditions Precedent**

The grant of the Sublease under the Licence and Lease Agreement is conditional upon the satisfaction (or waiver) of the following conditions precedent by 4 July 2015:

- (a) ABM completing, and being reasonably satisfied with the results of, its due diligence investigations on the Property;
- (b) ABM receiving a binding decision from the Secretary of the *Mineral Royalty Act* (NT) in respect of the deductibility of certain costs connected with the transactions contemplated by the Licence and Lease Agreement;
- (c) ABM obtaining all necessary consents, approvals, permits or licences for the mining of ore from ABM's Twin Bonanza Gold Project and the haulage of ABM's ore to the Coyote Gold Processing Plant;
- (d) Tanami Exploration maintaining the Tenements in good standing and the Infrastructure in good order and repair;
- (e) all requisite statutory and regulatory approvals in relation to the transactions contemplated by the Licence and Lease Agreement being obtained, including Shareholder approval of Resolution 1;
- (f) Tanami Exploration receiving the approval of the continuing authority for the Infrastructure to continue operating;

- (g) any required third party (including traditional owners and native title holders) approvals to the transactions contemplated by the Licence and Lease Agreement being granted on terms reasonably acceptable to Tanami Exploration and ABM; and
- (h) any of ABM's creditors which acquire a security interest under the PPSA in or over any of the Infrastructure or Tanami Exploration's assets pursuant to the Licence and Lease Agreement providing Tanami Exploration with irrevocable undertakings that they will not register any security interest in or over any of the Infrastructure or Tanami's assets on the PPSR throughout the duration of the Licence and Lease Agreement,

(together, the **Conditions Precedent**).

The parties must use reasonable endeavours to satisfy the Conditions Precedent by 4 July 2015. If the Conditions Precedent are not satisfied (or waived) by 4 July 2015, either party may terminate the Licence and Lease Agreement.

Both the Company and ABM currently anticipate that the Conditions Precedent will take approximately 3 months to satisfy.

### **3.5 Licence and Lease Agreement**

The key terms of the Licence and Lease Agreement are as follows:

(a) *Grant of licence to conduct due diligence*

Tanami Exploration grants ABM a non-exclusive licence in respect of the Property to enter the Tenements and conduct due diligence investigations prior to 4 July 2015. In consideration for the licence, ABM will pay Tanami Exploration a monthly licence fee equal to the care and maintenance costs incurred by Tanami Exploration during the period in which ABM conducts due diligence investigations, up to a maximum of \$150,000 per month.

(b) *Conditions Precedent*

The grant of the Sublease is conditional upon the satisfaction (or waiver) of the Conditions Precedent by 4 July 2015. Refer to Section 3.4 for further details.

(c) *Grant of Sublease*

Tanami Exploration grants ABM a sublease of the Tenements, including the right to use the Infrastructure, for certain permitted uses including stockpiling ABM's ore on the Tenements, commissioning the Coyote Gold Processing Plant and processing ABM's ore through the Coyote Gold Processing Plant to produce gold ore, storing consumables and waste products (including tailings) on the Tenements and rehabilitating the Tenements, in each case in accordance with the Licence and Lease Agreement (the **Sublease**). The Sublease does not grant any Mineral Rights in respect of the Tenements to ABM.

(d) *Condition Subsequent*

The Sublease is subject to the Coyote Gold Processing Plant being commissioned to the reasonable satisfaction of ABM (the **Condition Subsequent**). If the Condition Subsequent is not satisfied (or waived) on or before the date that is 3 months after the Sublease commences, then the Licence and Lease Agreement will terminate (and no rent will be payable by ABM – refer

to (e) and (f) below). ABM must use its best endeavours to satisfy the Condition Subsequent.

(e) *Sublease Term*

The Sublease will be for a period beginning on the date on which the last of the Conditions Precedent are satisfied (or waived) and terminating one year after the date on which ore sourced by ABM from tenements other than the Tenements is first processed through the Coyote Gold Processing Plant (**Production Date**) (the **Initial Term**). Following the expiry of the Initial Term, ABM has the right to renew the Sublease for a further one year term (**Further Term**, and together with the Initial Term, the **Sublease Term**).

(f) *Rent*

In consideration for the Sublease, ABM must pay Tanami Exploration a lump sum annual rent payment in advance of \$2,000,000. ABM's obligation to pay rent begins on the Production Date.

(g) *Purchase Option and rehabilitation obligations*

(i) Tanami Exploration grants ABM or its nominee an option to purchase the Tenements and the Infrastructure during the Initial Term or the Further Term (if applicable) for a purchase price of \$3,000,000 (**Purchase Option**).

(ii) If ABM exercises the Purchase Option and the purchase is completed, ABM will become liable to satisfy all rehabilitation obligations which attach to the Tenements irrespective of when such rehabilitation obligations arose, and ABM will indemnify Tanami Exploration against all such rehabilitation obligations.

(h) *ABM's obligations*

During the Sublease Term, ABM must:

- (i) pay all utilities costs and expenses in respect of the Property and the cost of commissioning and using the Coyote Gold Processing Plant and other Infrastructure;
- (ii) obtain, keep and maintain, at its cost, all licences required in relation to ABM's use of the Property;
- (iii) not claim or exercise any Mineral Rights in respect of the Tenements;
- (iv) take control of and sole responsibility for, as manager, the management of the Property, including so as to ensure that all conditions attached to the Tenements are observed and complied with insofar as they relate to matters other than Mineral Rights;
- (v) maintain the Property, fair wear and tear excepted;
- (vi) not undertake any construction works without Tanami Exploration's consent;
- (vii) comply with all occupational health and safety laws and licences in respect to the Property;

- (viii) comply with all environmental laws and licences in respect to the Property, and indemnify ABM in respect of and to the extent of any environmental liabilities arising from ABM's actions or omissions;
- (ix) not assign, mortgage, charge or sublease the Property, subject to certain exceptions (including in respect to the financing for ABM's Twin Bonanza Gold Project) or otherwise with the consent of Tanami Exploration; and
- (x) indemnify Tanami Exploration against all liabilities caused or contributed to by ABM arising out of or in connection with ABM's activities on or in respect of the Property.

(i) *Tanami Exploration's obligations*

During the Sublease Term, Tanami Exploration must:

- (i) not surrender, transfer, mortgage or charge the Tenements without the prior consent of ABM (not to be unreasonably withheld in certain circumstances);
- (ii) maintain the Tenements in good standing;
- (iii) pay any rates, taxes, charges, rents, monies and State government royalties payable in respect of the Tenements;
- (iv) retain responsibility for rehabilitation obligations in respect of contamination or environmental harm which occurred before the Sublease Term or which is otherwise caused by Tanami Exploration; and
- (v) retain full responsibility in all respects for the Coyote Underground Mine on the Tenements (provided that ABM is not accessing or using this mine).

(j) *Mineral Rights*

Tanami Exploration will solely and absolutely retain all Mineral Rights in respect of the Tenements. However, Tanami Exploration may only exercise its Mineral Rights in accordance with a written agreement with ABM (which the parties must use all reasonable endeavours to reach). This agreement must provide for the shared use of facilities and must not reduce gold production by ABM or otherwise unreasonably interfere with ABM's rights under the Licence and Lease Agreement.

(k) *Surrender or sale of Orbit Tenements*

- (i) If Tanami Exploration decides to voluntarily surrender the Orbit Tenements or any part thereof during the Sublease Term, then before so doing it must offer to transfer the relevant Orbit Tenements to ABM for \$1.
- (ii) Tanami Exploration grants ABM a pre-emptive right for the Sublease Term to acquire any of the Orbit Tenements which Tanami Exploration wishes to sell or dispose of to a bona fide purchaser on the same terms offered by the prospective purchaser.
- (iii)

(l) *Other*

ABM provides customary acknowledgements and warranties in favour of Tanami Exploration.

### **3.6 Directors' recommendation**

For the reasons detailed in Section 3.3, the Directors recommend that Shareholders vote in favour of the Resolution.

## Schedule 1 – Definitions

In the Notice and this Explanatory Memorandum:

**\$** means Australian dollars.

**ABM** means ABM Resource NL ACN 009 127 020.

**Board** means the board of Directors.

**Chair** means the person appointed to chair the Meeting.

**Conditions Precedent** has the meaning given in Section 3.4.

**Company** means Tanami Gold NL ACN 000 617 176.

**Coyote Gold Processing Plant** has the meaning given in Section 3.1.

**Directors** mean the directors of the Company.

**Explanatory Memorandum** means this explanatory memorandum.

**Further Term** has the meaning given in Section 3.5(d).

**Infrastructure** has the meaning given in Section 3.1.

**Initial Term** has the meaning given in Section 3.5(d).

**Licence and Lease Agreement** has the meaning given in Section 3.1.

**Meeting** has the meaning given in the introductory paragraph of the Notice.

**Mineral Rights** means the right to explore, prospect or mine for, and the right to own, sell or dispose of, gold and any other mineral matter or substances derived from the Tenements, in whatever form or state.

**Notice** means the notice of general meeting which this Explanatory Memorandum accompanies.

**Orbit Tenements** means those mining tenements (as that term is defined in the *Mining Act 1978*) held by Tanami Exploration or any Related Body Corporate of Tanami Exploration from time to time during the Sublease Term wholly or partially within the area identified in Part 1 of Schedule 4 and includes those mining tenements listed in Part 2 of Schedule 4.

**Production Date** has the meaning given in Section 3.5(d).

**Property** means the Infrastructure and the Tenements.

**Proxy Form** means the proxy form attached to the Notice.

**Related Body Corporate** has the meaning given to that term in the *Corporations Act 2001* (Cth).

**Resolution** means the resolution referred to in the Notice.

**Schedule** means a schedule to the Notice.

**Section** means a section of this Explanatory Memorandum.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**Sublease** has the meaning given in Section 3.5(b).

**Sublease Term** has the meaning given in Section 3.5(d).

**Sun Hung Kai Facility** means the Company's A\$15 million unsecured loan facility with Sun Hung Kai International Bank (Brunei) Limited.

**Tanami Exploration** means Tanami Exploration NL ACN 063 213 598, a wholly owned subsidiary of the Company.

**Tenements** has the meaning given in Section 3.1.

**WST** means Western Standard Time, being the time in Perth, Western Australia.

In the Notice and this Explanatory Memorandum, words importing the singular include the plural

## Schedule 2 – Tenements

Tenement Number	Description	Registered Holder	Status
M80/559	Mining Lease 80/559	Tanami Exploration NL	Expiry: 26/09/2026
M80/560	Mining Lease 80/560	Tanami Exploration NL	Expiry: 26/09/2026
L80/46	Miscellaneous Licence 80/46 for airstrip, minesite accommodation and associated facilities and roads	Tanami Exploration NL	Expiry: 10/02/2026

### **Schedule 3 – Infrastructure**

Infrastructure situated on the Tenements:

1. Tailings storage facility.
2. Ancillary infrastructure, including but not limited to, the Company's camp, offices, laboratory, clinic, and airstrip.
3. Various miscellaneous plant and equipment.



**Part 2 – Orbit Tenements (as at the date of this Notice)**

WESTERN TANAMI		Holder	Granted From	Expiry Date
<b>Selby</b>				
E80/1481	Balwina	TENL	05-Oct-93	04-Oct-14
E80/1483	Coyote	TENL	16-Apr-92	15-Apr-14
E80/1677	Slatey Creek	TENL	15-Mar-94	14-Mar-14
E80/1679	Southside	TENL	15-Mar-94	14-Mar-14
E80/1737	Camel Hump	TENL	22-Mar-94	21-Mar-14
E80/2133	Killi Killi Hills	TENL	11-Aug-04	10-Aug-14
E80/3238	Afghan	TENL	29-Dec-04	28-Dec-13
E80/3388	Olive	TENL	15-May-06	14-May-15
E80/3389	Popeye	TENL	15-May-06	14-May-15
E80/3665	Border	TENL	19-Oct-07	18-Oct-17
E80/3845	Afghan East	TENL	08-Apr-08	7-Apr-18
E80/4006	Hermes	TENL	20-Nov-08	19-Nov-18
E80/4305	Triton	TENL	16-Jun-10	15-Jun-15
E80/4307	Argos	TENL	17-Sep-10	16-Sep-15
L80/45	Haul Road	TENL	17-Feb-06	16-Feb-27
L80/49	Bililuna Waterbore	TENL	27-Jan-06	26-Jan-27
L80/51	Coyote Camp	TENL	17-Feb-06	16-Feb-27
M80/561	Coyote #3	TENL	27-Sep-05	26-Sep-26
<b>Gardner</b>				
E80/1905	Bald Hill Central	TENL	06-Sep-94	5-Sep-14
E80/2036	Bald Hill North	TENL	17-Feb-95	16-Feb-14
E80/3378	Tent Hill East	TENL	20-Feb-06	19-Feb-14
M80/562	Bald Hill #1	TENL	02-Dec-05	01-Dec-26
M80/563	Bald Hill #2	TENL	02-Dec-05	01-Dec-26
M80/564	Bald Hill #3	TENL	02-Dec-05	01-Dec-26
<b>Lewis</b>				
E80/3846	Camel	TENL	08-Apr-08	07-Apr-18
E80/3847	Hutch's Find	TENL	08-Apr-08	07-Apr-18
E80/4306	Apollo	TENL	17-Sep-10	16-Sep-15



