TANAMI GOLD NL

30 October 2006

The Manager
Company Announcements office
Australian Stock Exchange Limited
PO Box H224 Australia Square
SYDNEY NSW 2000

Dear Sir

2006 ANNUAL REPORT

Please find attached 2006 Annual Report to be despatched to shareholders on 31 October 2006.

Yours faithfully
Tanami Gold NL

John Traicos
Company Secretary

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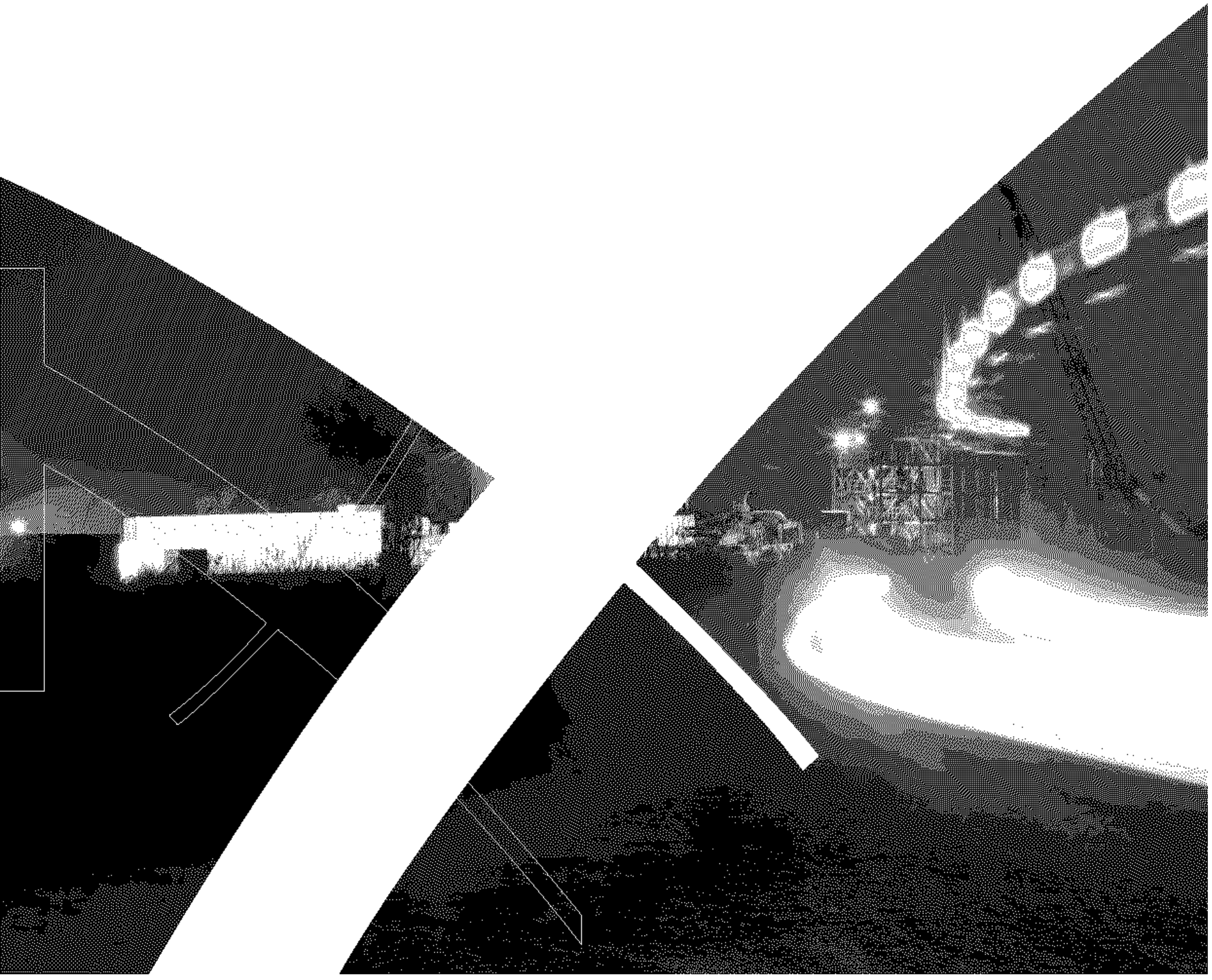
TANAMI GOLD NL

ANNUAL REPORT 2006

TANAMI GOLD NL



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TAM – Ordinary Shares
TAMCA – Contributing Shares

CHAIRMAN'S REVIEW

Dear Shareholder

On behalf of the Board of Directors, I am pleased to present to you the Company's 2006 Annual Report.

The Company's decision to develop the Coyote Gold Project during the year marked the most significant development in its 12 year history as a junior explorer in the Tanami-Arunta Province. This transition, from explorer to producer, was celebrated in May 2006 with the opening of the Coyote Gold Project by the Governor-General of Australia, His Excellency Major General Michael Jeffery, and elders of the Tjurabalan Traditional Owners. The opening was attended by a large number of Tjurabalan Traditional Owners and celebrated the strong partnership between the Company and the Tjurabalan People.

The Company's strong commitment to training, employment and business development opportunities for the Tjurabalan People is already proving to be mutually beneficial as employment and training opportunities have been provided to indigenous workers through the Company's mining contractor, CDE Capital Pty Ltd. I thank CDE Capital Pty Ltd for their significant efforts in undertaking the open pit mining contract and commitment to assisting with indigenous employment together with completing construction of the airstrip and other civil works in difficult conditions following a record wet season in Central Australia earlier this year.

Although the Company is now well advanced in the commissioning stage of the Coyote treatment plant, construction and commissioning delays have impacted on the Company through both cost increases and deferred revenue from gold production.

The Company commenced open pit mining on 1 May 2006 with the aim of providing ore feed for processing by late June 2006. However, the abovementioned delays resulted in the Company having over 70,000 tonnes of ore on stockpile available for processing as at the end of September 2006.

Although not anticipated due to the previously scheduled production levels for the September and December 2006 Quarters, the Company raised additional equity funds in July and September 2006 to fund the ongoing development of the Coyote Gold Project, exploration programs and working capital.

With construction of the treatment plant completed and commissioning well advanced, the Company is now focussed on generating positive cash flow from the Coyote Gold Project. Consistent with the focus on gold production, I am pleased to welcome Frank Sibbel to the Board as Operations Director. Frank's appointment on 7 July 2006 significantly strengthens the Company's operational and technical expertise with his 35 years' operational, project management and consultancy experience.

Cash flow from operations will strengthen the Company's financial capacity to further develop its operations and importantly, for the first time, internally fund intensive ongoing exploration programs thereby providing significant exploration leverage from the Company's large prospective landholdings in Central Australia.

The Company's exploration leverage was highlighted by the recent discovery of significant gold mineralisation within the Company's Lake Mackay Project with a highly encouraging first pass drill intercept of 16 metres at 3.4 g/t Au from 29 metres being returned at the Tekapo Prospect located within the large, remote and previously unexplored part of the Lake Mackay Project.

Although the past year has seen many positive developments for the Company, it has also been very challenging. In this regard, I thank our loyal shareholders for their continued support which has enabled the Company to pursue its goal of becoming a gold producer.

Finally, and most importantly, I again thank our employees for their very considerable efforts, persistence and dedication to ensuring that we achieve our long held goals of becoming a profitable gold producer and realising significant exploration success.

Yours faithfully

Denis P Waddell
Executive Chairman

COYOTE GOLD MINE

In December 2005 the Tanami Gold Board formally approved the development of the Coyote Gold Project in the Tanami Province of Western Australia, approximately 280 kilometres southeast of Halls Creek.

Stage 1 of the Coyote Gold Project development is designed to produce 60,000 to 70,000 ounces of gold per annum over a four to five year mine life based upon indicated and inferred resources of 572,000 ounces and a reserve estimate of 272,000 ounces.

Coyote Gold Project Stage 1 Mining Reserves

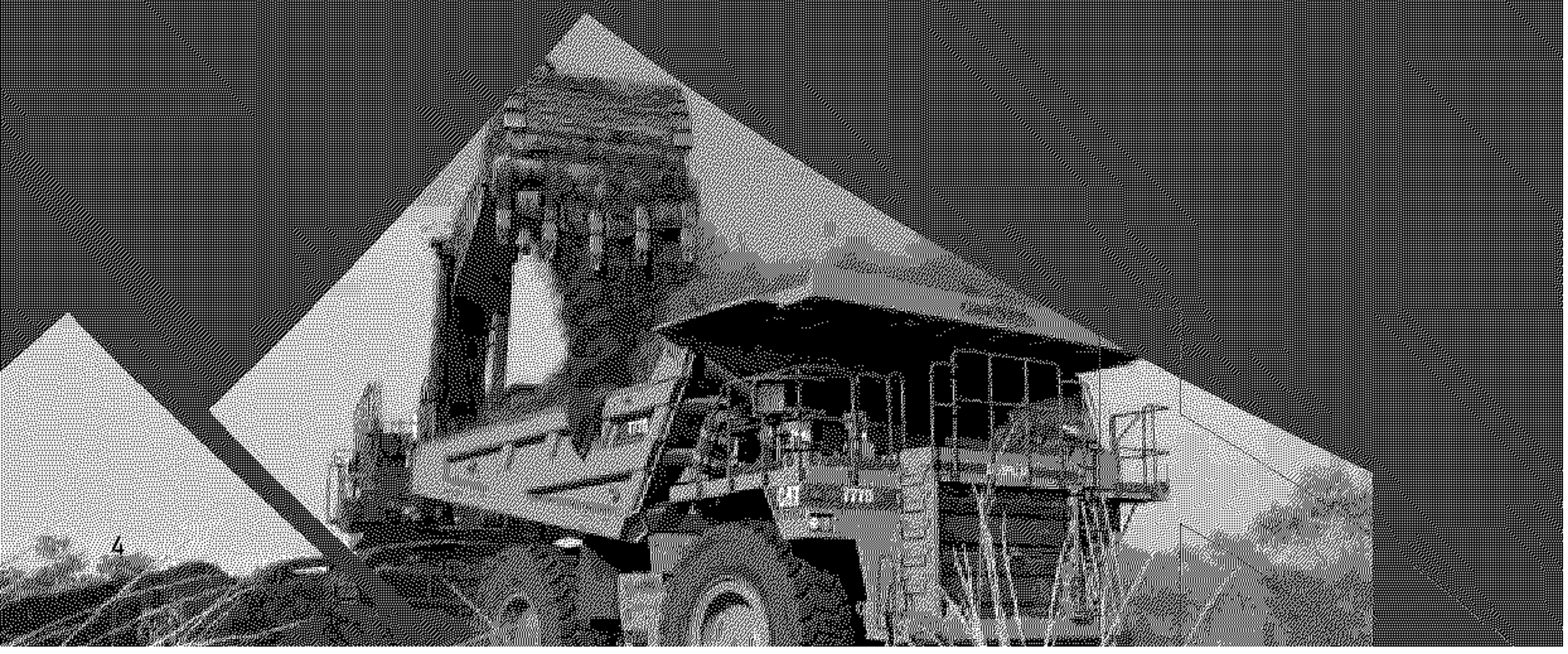
	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces
Coyote	-	-	-	256,000	7.2	59,000	256,000	7.2	59,000
Kookaburra	-	-	-	328,000	3.0	32,000	328,000	3.0	32,000
Sandpiper	-	-	-	89,000	3.6	10,000	89,000	3.6	10,000
Total Open Pits				**673,000**	**4.7**	**101,000**	**673,000**	**4.7**	**101,000**
Coyote Underground	-	-	-	**362,000**	**14.7**	**171,000**	**362,000**	**14.7**	**171,000**
TOTAL	-	-	-	**1,035,000**	**8.2**	**272,000**	**1,035,000**	**8.2**	**272,000**

Notes. Reserve estimation was conducted by Mr Chris Mardon of Tanami Gold NL and Mr Stephen Miller of Red Rock Engineering Pty Ltd. A gold price of A$650 has been used in this estimation. A lower cut of 1g/t Au has been applied to ore blocks for Coyote open pit material. A lower cut of 1.8 g/t Au has been applied to ore blocks for Sandpiper and Kookaburra open pit ore. A lower cut of 8g/t Au has been applied to ore blocks used in the estimation of the Coyote underground reserve. These reserves have been estimated using dilution factors appropriate for the narrow high grade nature of the orebodies.

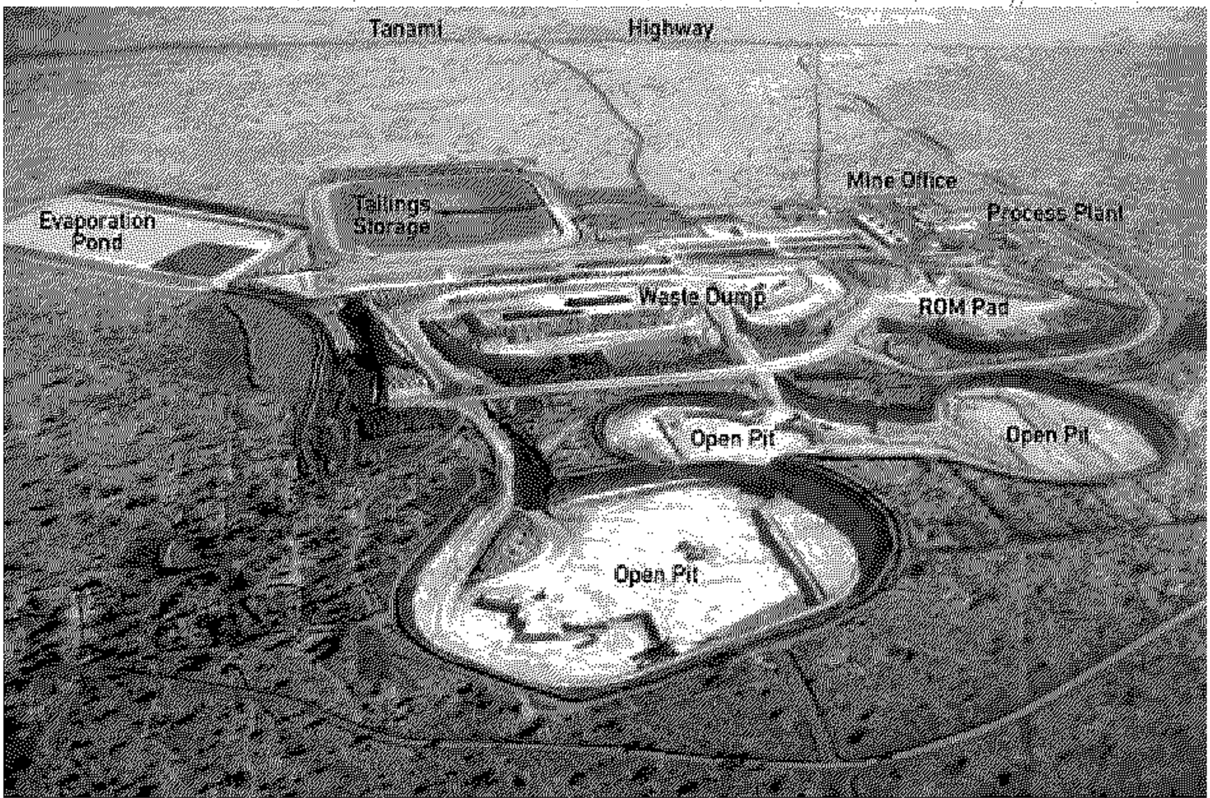
Global Resource Inventory for the Coyote Gold Project at 1g/t Au cut-off by JORC category

	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces
Coyote	880,000	10.8	307,000	254,000	7.1	58,000	1,134,000	10.0	365,000
Kookaburra	1,146,000	2.2	80,000	296,000	1.4	14,000	1,442,000	2.0	94,000
Sandpiper	983,000	3.0	96,000	223,000	2.4	17,000	1,206,000	2.9	113,000
TOTAL	**3,009,000**	**5.0**	**483,000**	**773,000**	**3.6**	**89,000**	**3,782,000**	**4.7**	**572,000**

Notes. Resource estimation was conducted by Mr Craig Fawcett of Tanami Gold NL and Mr Lynn Widenbar of Widenbar and Associates, who are both Competent Persons as defined by the JORC Code and who have given permission to the publication of this information in the form in which it appears. The resource estimation was conducted in Vulcan and Datamine, comprising ordinary kriging grade interpolation within a block model constrained by 3D wireframes which were constructed from interpreted ≥ 1.0 g/t (Coyote) and ≥ 0.5g/t (Kookaburra and Sandpiper) mineralised envelopes. Various topcuts were applied to distinct geological domains ranging from 100g/t to 160g/t Au. This resource estimation includes the reserve estimation outlined above.



Mine Establishment – January-May 2006



Aerial view of Coyote showing open pit mines and associated civil works

During January–February 2006 all necessary statutory approvals were received and major contracts were awarded. Central Desert Enterprises Capital Pty Ltd (CDE Capital), with previous mining experience in the region, was awarded the open pit mining and civil works contract.

The Company commenced mobilisation of the CDE Capital mining equipment and civil construction fleet in March 2006. Record rainfall over the wet season resulted in significant disruption to road access in the Tanami region which required the Company to undertake civil works on the Tanami Highway in order to successfully mobilise equipment to site.

During March-April 2006, civil works including an airstrip and water and power facilities were established on site enabling the Company to construct a site camp capable of accommodating up to 160 people. In May 2006 mining of the open pits commenced.

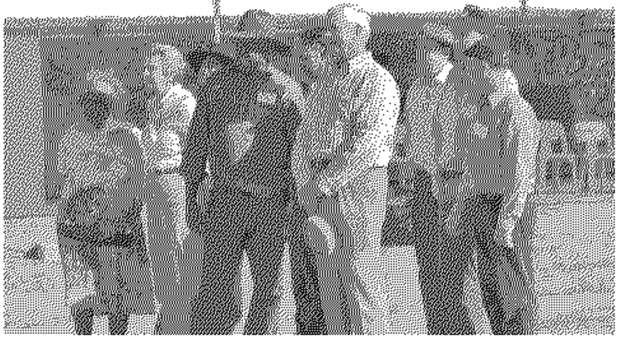

Airstrip construction

REVIEW OF OPERATIONS
CONTINUED

Coyote Gold Mine Opening – 24 May 2006

The Coyote Gold Mine was officially opened on 24 May 2006 by the Governor-General of Australia, His Excellency Major General Michael Jeffery and representatives of the Tjurabalan People.

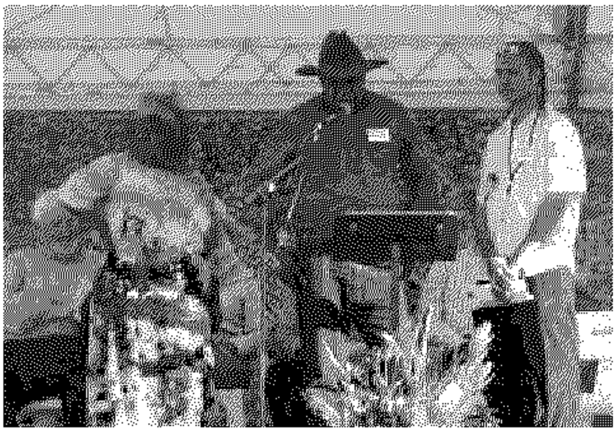
Over 300 people including employees, guests and a strong representation by the Tjurabalan People attended the opening.



The Governor-General and Mrs Jeffery, Traditional Owners, employees and guests

In April 2005 with the support of the Kimberley Land Council (KLC), Tanami Gold executed a landmark Mining Agreement with the Tjurabalan People, covering mining and exploration within the almost 26,000 square kilometres of Tjurabalan Native Title determined lands lying to the south and east of Halls Creek in WA's southern Kimberley region.

This historic agreement, which the KLC describes as one of the best in Australia, is based on a long-term commitment to the region by both parties and includes a strong commitment by the Company to employment, training and business development opportunities for the Tjurabalan People.



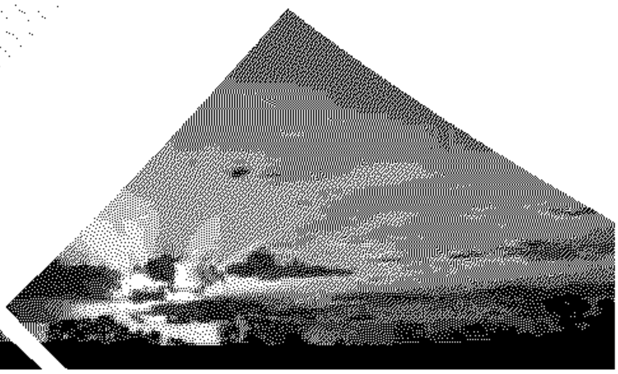
Tjurabalan Traditional Owners, Veronica Lulu, Raymond Chungulla and Donovan Jenkins

For Tanami Gold, the Mine Opening signalled the most important turning point in its 12-year journey as a junior exploration company, marking the Company's transition to gold producer status. Since its establishment in 1994, Tanami Gold has assembled one of the largest exploration portfolios in Central Australia, invested in excess of $75 million in exploration and development in the region and secured the support and participation of the region's indigenous communities.

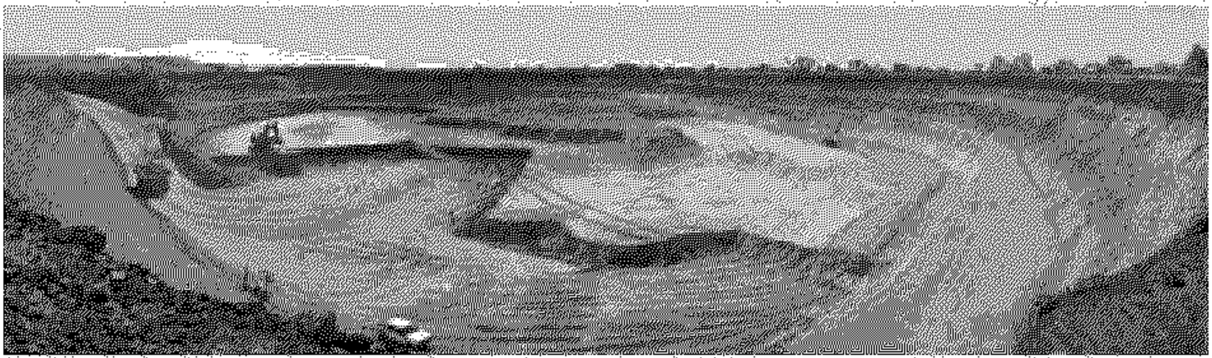
Tjurabalan Traditional Owners

The Company's relationship with the Tjurabalan People has been further strengthened with the commencement of employment of traditional owners on the mine site by the mining contractors CDE Capital. Tanami Gold currently has up to six Tjurabalan employees in both part time and permanent positions in roles ranging from vat preparation operators to machine operators and mentoring roles. CDE Capital employs approximately 40 people on site of whom at least 50% are indigenous. As the Project develops, it is anticipated that further employment opportunities will arise for the Tjurabalan Traditional Owners. With the onset of gold production, a revenue stream will now flow into the Tjurabalan Native Title Land Aboriginal Corporation Trust established as part of the landmark Mining Agreement executed in April 2005 which will provide for funding for community benefits and investments.

Children at the Mine Opening



Mining – May-August 2006



Stage 2-3 open pit, September 2006

Mining of the open pit, which initially commenced in May 2006, has progressed according to plan with the mining of the near surface placer lodes now completed in the Stage 1 pit. By the end of August 2006 more than 70,000 tonnes of ore were stockpiled and ready for processing upon commissioning of the treatment plant.

Geotechnical conditions encountered in the open pits were as expected with the ground breaking easily and pit slopes standing to design. Dewatering bores have worked effectively keeping water well below the active pit floor.

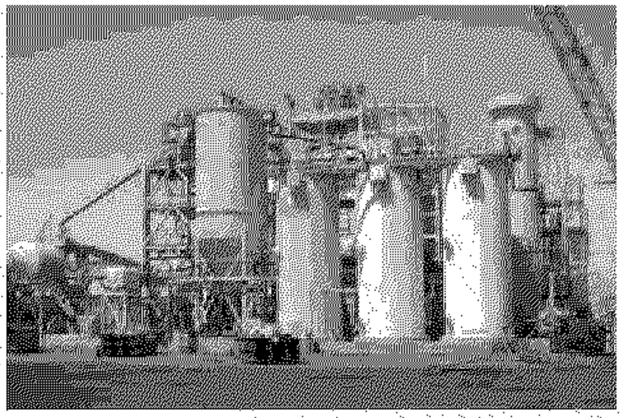
Processing – September 2006

During the year the Company acquired a modular gold processing plant which was modified and refurbished to suit the proposed gravity, vat leach and carbon in pulp (CIP) circuit.

The plant is designed to extract approximately 60% of the gold through a gravity circuit, 20% through the vat leaching circuit and the remainder using conventional CIP processing with total recovery of +94%.

During the construction phase the capacity of the plant was modified through a number of design changes and upgrades to attain an increased production profile of more than 500,000 tonnes per annum thereby achieving greater capacity and flexibility.

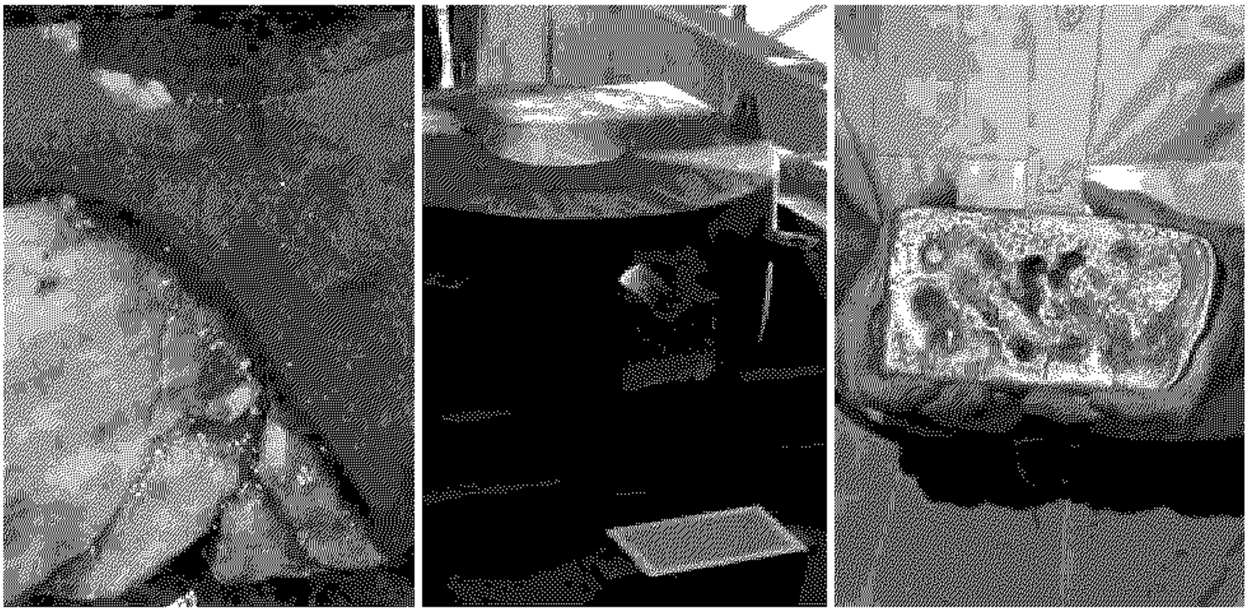
Despite the delays, the plant was fully constructed by mid September 2006 with commissioning and full production targeted during the December 2006 quarter.



Coyote Treatment Plant

REVIEW OF OPERATIONS
CONTINUED

First Gold Pour



The first gold pour occurred on 24 August 2006.

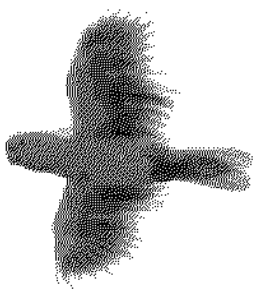
Gold was recovered through the gravity circuit primarily from lower grade ore milled during the early commissioning phase in August and September 2006.

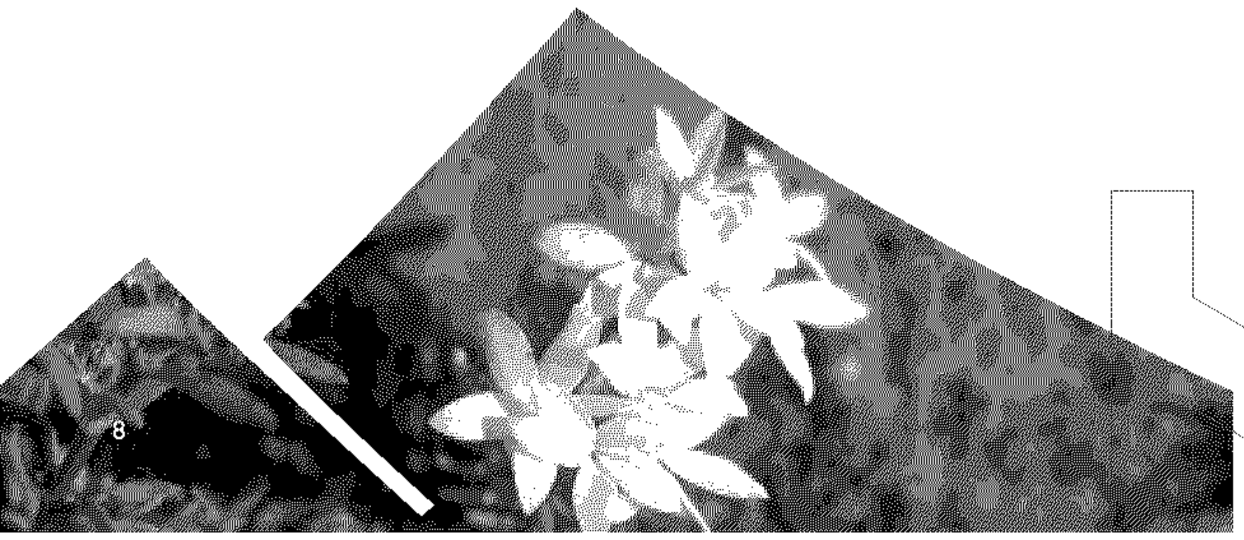
Environment

Tanami Gold plans to become a leader in environmental awareness in the mining industry. The Company recognises that through the nature and scale of its activities in the relatively pristine Tanami Desert, there is a fundamental requirement to conduct its operations in an environmentally responsible manner.

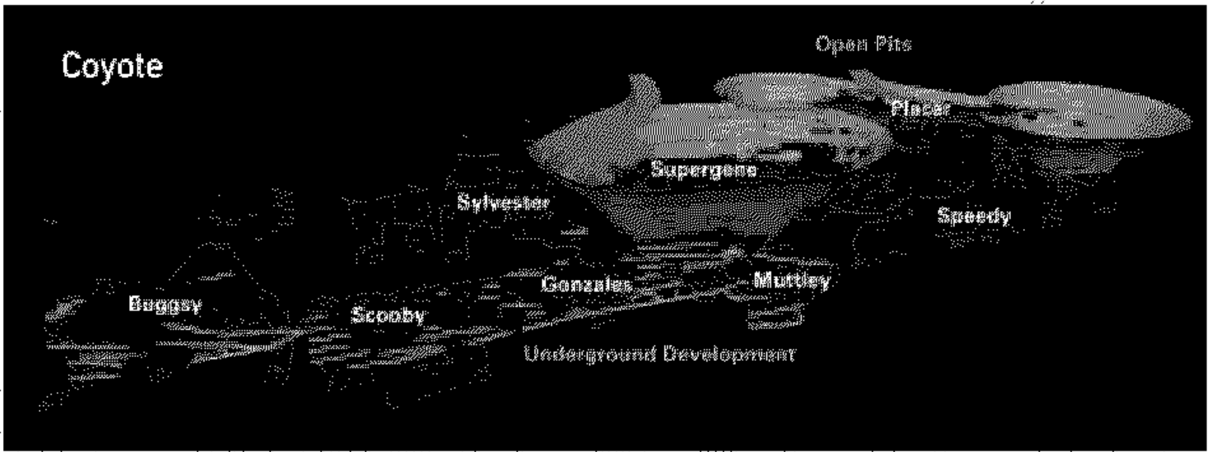
Ongoing flora and fauna surveys have continued to build upon the Company's environmental baseline studies with a significant increase in knowledge with respect to flora and fauna species and their associated habitats. Environmental management systems have been implemented ensuring a minimum negative impact on the environment due to mining and exploration operations.

The project has been developed well within the approval limits imposed by the various Government agencies. Rehabilitation of disused tracks has commenced with regrowth already appearing over these areas.





PLANNED PROJECT EXPANSION 2007/2008



3D ore models and open-pit and underground mine designs, Coyote gold deposit

Coyote Underground

Construction of the Coyote Underground Mine decline portal is scheduled to commence from the base of Pit 3 in late 2007. The decline will access high grade ore primarily from the Gonzales, Buggsy and Muttley lodes.

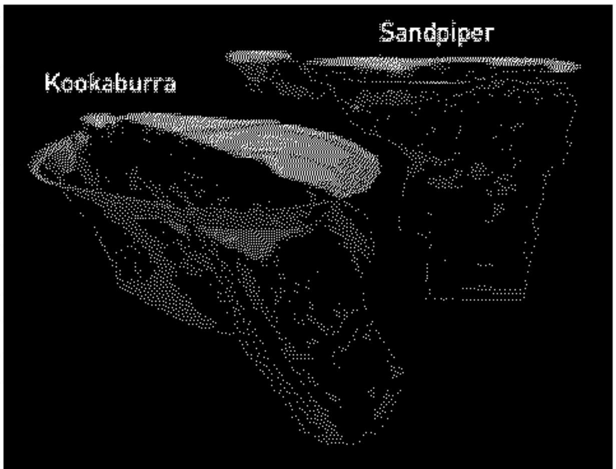
Stage 2 Reserves

The Company aims to increase production levels and extend mine life of the Coyote Gold Project through the establishment of Stage 2 reserves.

Additional reserves are anticipated through the conversion of existing resources to reserves such as extension of the underground mine design to access the Speedy lode and potential down plunge extensions. The Company is also targeting further resources and reserves through near mine exploration.

Bald Hill

Development of the Kookaburra and Sandpiper deposits at Bald Hill, located approximately 35 kilometres north of Coyote is scheduled to commence in April 2007 and will provide additional open pit ore feed to the plant. Approvals to commence mining at Bald Hill are underway and are expected to be granted shortly.



3D ore models and open-pit designs for the Kookaburra and Sandpiper gold deposits, Bald Hill

REVIEW OF OPERATIONS
CONTINUED

EXPLORATION SUMMARY 2006

Gold was first discovered in the Tanami Desert in the early 1900s by resolute explorers who launched year long expeditions aimed at unlocking the secrets hidden within the vast interior of Australia. The challenges faced by those early explorers were huge, but not insurmountable.

Today, exploration and mining in the Tanami still offers significant challenges for the modern explorer. The initial drill hole anomaly that led to the discovery of the Coyote Gold Deposit in 1998 by Acacia Resources Limited was an assay of just 12 parts per billion gold (approximately 100 times lower than economically mineable gold grades). Exploration of the Tanami requires a special quality of meticulous persistence.

Commensurate with challenge is opportunity. Despite the early discovery, the location and inhospitable climate did not support a major gold rush to the area in the last century and the Tanami region has been subject to cursory exploration compared to other gold fields in Australia.

Location, climate and complex geology have conspired to make the region one of the most poorly explored terranes of any gold district in Australia. The most recent major gold discovery in the Tanami, the Groundrush Mine discovered by Normandy NFM Limited in 1998, comprised an outcropping quartz vein with visible gold at surface. Few regions of Australia, or anywhere in the world, still have this potential to host walk-up orebodies.

In 2006 Tanami Gold NL has been delighted to announce the latest discovery of significant gold mineralisation occurring at surface in the Tanami-Arunta region – the Tekapo Discovery – which has returned a highly significant first pass drilling intercept of 16 metres at 3.4g/t Au from 29 metres at the remote and previously unexplored Lake Mackay Project.

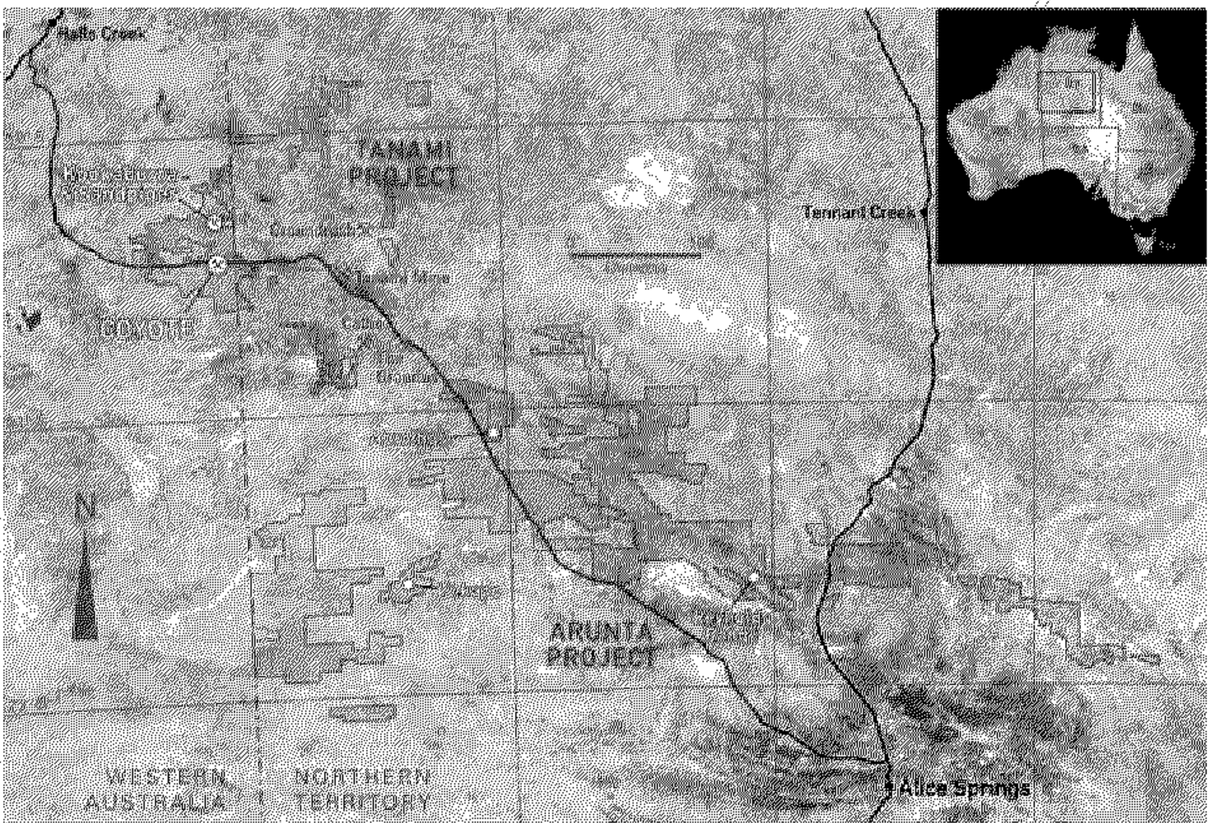


Figure 1 – Landholdings

Over the past 12 years, Tanami Gold NL has built a high quality tenement portfolio in the Tanami–Arunta Province of Central Australia comprising a total landholding of some 42,730 square kilometres (see Figure 1). The Province's prospectivity is underpinned by its increasing gold inventory of 11 million ounces, giving it the largest known gold endowment of any Palaeoproterozic gold province in Australia.

The Company is looking forward to reinvesting profits from the Coyote Gold Project mining operations into exploration aimed at discovery of the next major orebody in the Province. Backed by long term sustainable funding, the Company will undertake more effective and systematic exploration programs based on strong geological knowledge and experience established over the past 12 years.

With the principal objective of discovering a world class gold deposit in the Province the Company's exploration programs over the last 12 months have focused on:

- 'Greenfields' exploration of priority targets throughout the Company's large prospective landholding.
- 'Brownfields' exploration centred on the Coyote and Bald Hill deposits aimed at further increasing the Coyote Gold Project resource inventory and boosting gold production.

At 31 August 2006 the Company had drilled approximately 40,000 metres of RAB and Aircore for the 2006 field season. Drilling targeted the Coyote area in Western Australia, and the Reynolds Range, Lake Mackay and Supplejack-Birrindudu projects in the Northern Territory.

TANAMI PROJECT

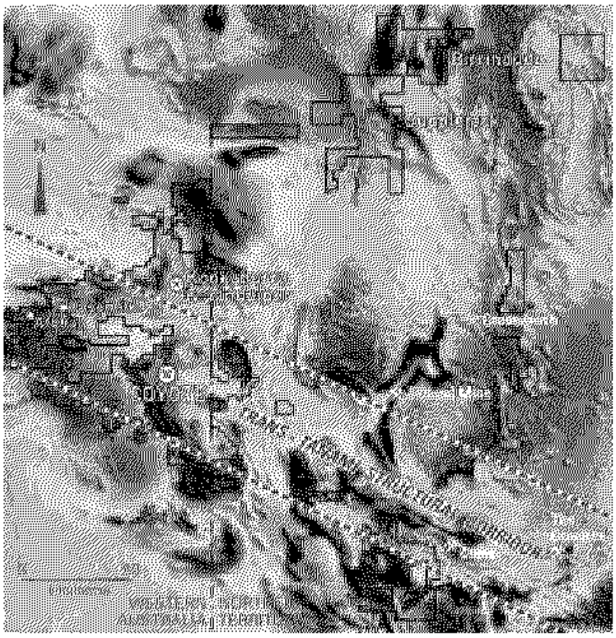


Figure 2 – Tanami Project Aeromagnetic Image

The Tanami Project comprises a landholding of 7,857 square kilometres over the highly prospective Tanami gold field (see Figure 2), with exploration operations based out of the Coyote Gold Mine in Western Australia. The Company regards its Tanami Project landholding as having the potential to deliver a world class gold deposit.

Brownfields Exploration & Resource Development

The Company is targeting growth through exploration of advanced gold prospects and resource modelling of gold deposits located within trucking distance of the Coyote treatment plant.

The program includes a Resource Development Study aimed at converting existing gold prospects into near mine resources with minimal additional drilling. Computer 3D modelling is assisting with the interpretation of mineralised lodes (see Figures 3 to 5) and the identification of exploration targets which could lead to further extensions to mineralisation.

Three advanced prospects have been identified as having potential to contribute modest near surface oxide reserves as satellite open pits to the Coyote Gold Project:

Pebbles – located 6 kilometres southwest of the Coyote mill. Previous drilling returned a best intercept of 2 metres at 77.7g/t Au from 29 metres. High grade mineralised shoots are located within the axis of a plunging antiformal fold closure.

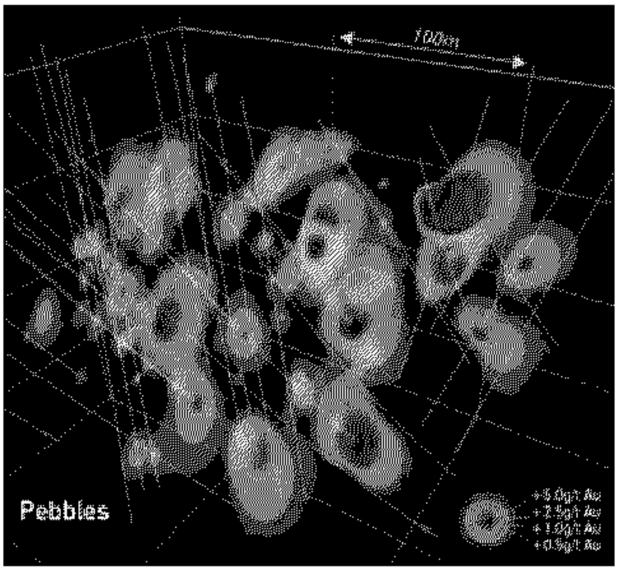


Figure 3 – Pebbles

Hawk – located 1 kilometre north of the planned Sandpiper open pit at Bald Hill. Previous drilling returned a best intercept of 15 metres at 4.3g/t Au from 109 metres. Mineralised shoots are located within the axis and limbs of a plunging antiformal fold closure on the contacts between interbedded sediments and mafic rocks.

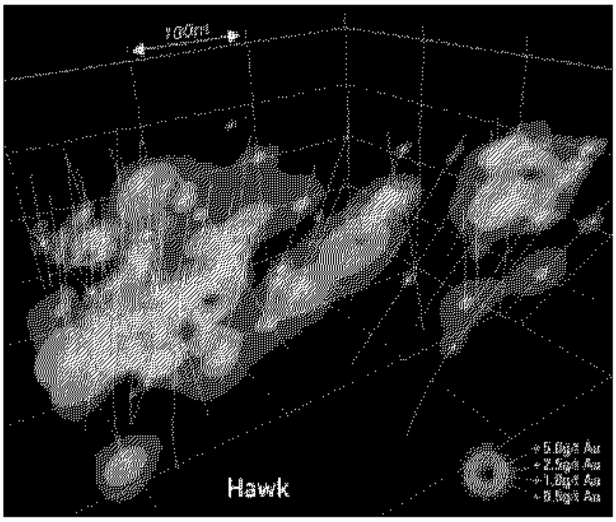


Figure 4 – Hawk

Road Runner – located 8 kilometres south of the Coyote mill. Previous drilling returned a best intercept of 4 metres at 28.5g/t Au from 22 metres. Mineralisation comprises near surface flat lying placer lodes fed by primary high grade quartz vein lodes. The quartz veins form steeply plunging shoots with intercepts up to 3 metres at 55.9g/t Au from 123 metres. The veins remain open down-plunge indicating a potential high grade deep exploration target.

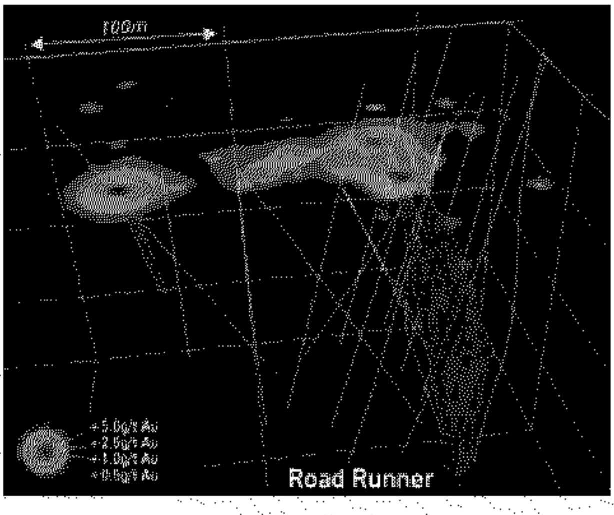


Figure 5 – Road Runner

Coyote Near Mine Exploration

The Coyote gold deposit is situated at the eastern end of a contiguous gold anomalous corridor with a strike length of over seven kilometres (see Figure 6) which is considered highly prospective for the discovery of additional gold mineralisation. A significant proportion of previous drilling undertaken in the area did not effectively test the deeply weathered and leached regolith profile. The Company is continuing to develop an understanding of the structural features controlling mineralisation at Coyote. These factors are leading to recognition of numerous exploration targets and the potential to discover further significant economic resources in the Coyote area.

The Company has recently commenced drill testing of the strike extensions of the mine host stratigraphy west of Coyote and structural targets generated from geophysical interpretation to the southeast of Coyote.

In the coming year the Company intends to ramp up near mine exploration. Historically, success at other mines in the Tanami has come about through the cumulative advancement in understanding of the geological controls on mineralisation of gold orebodies. The Company anticipates similar exploration success will follow on from significant advances in geological understanding at Coyote and Bald Hill as mining progresses. Exposure of the gold orebodies through mining will improve the predictive capability of targeting extensions to mineralisation at depth and along strike in the near mine environment. Improved understanding of geological controls on mineralisation will also be applied to greenfields targeting throughout the Company's landholdings.

REGIONAL TANAMI PROJECT PROGRAMS

Western Tanami

The structural fabric of the southern portion of the Tanami gold field is dominated by the Trans-Tanami Structural Corridor, a major strike extensive northwest–southeast trending corridor of tectonic deformation which hosts the Coyote gold deposit in Western Australia and the world class Callie gold deposit in the Northern Territory (see Figure 2). Within the Western Australian landholdings the Company's exploration activities are focused within this corridor, which locally is subdivided into the Selby Trend and the Bramall Trend.

The Selby Trend is ranked as the most prospective structural target zone in the Company's landholding as it contains the Coyote gold deposit and the Yosemite and Afghan prospects which are located approximately 50 kilometres to the northwest of Coyote.

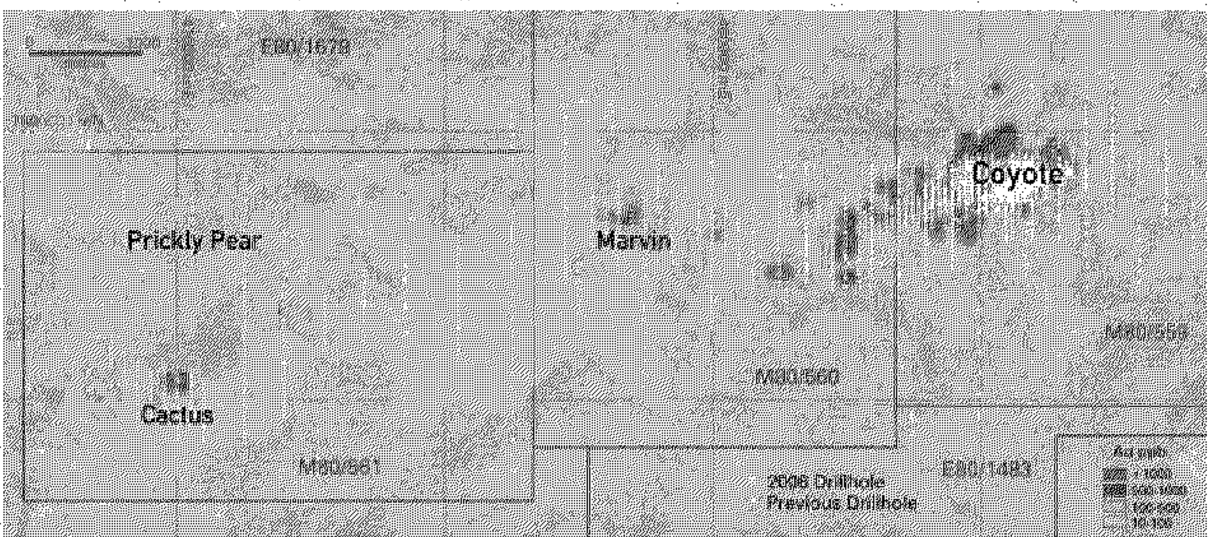


Figure 6 – Coyote Mineralised Corridor

Yosemite and Afghan comprise gold / arsenic anomalous corridors with strike extents of 7 kilometres and 12 kilometres respectively. Both prospect areas have been only lightly drilled in the past and significant portions remain untested by effective drilling of the weathered and leached regolith profile.

Yosemite, with a peak drilling assay to date of 1 metre at 7.0g/t Au from 58 metres, contains bedrock lithologies similar to the Callie gold deposit including thick packages of siltstones, carbonaceous sediments, dolerite and minor chert horizons. Recent drilling at Yosemite has intersected zones of abundant quartz veining containing sulphide minerals such as pyrite and arsenopyrite which are commonly associated with gold mineralisation in the Tanami region (assays are pending).

At Afghan (see Figure 7), geochemical sampling and drilling in late 2005 detected new zones of surface anomalism and extended the strike length of gold mineralisation eastwards to a newly defined anomaly named Kandahar. Previous drilling has returned a maximum assay of 3 metres @ 5.2g/t Au from 41 metres at Afghan, which is hosted within a dolerite unit that has been the sole target of previous deeper drilling.

In the coming year the Company will conduct further systematic drill testing of the Yosemite and Afghan-Kandahar anomalies.

Eastern Tanami

Over the past year Tanami Gold has increased its portfolio of tenements in the highly prospective Granites-Tanami sector of the Tanami gold field through the acquisition of a significant landholding from AngloGold Ashanti Australia Limited, and the resumption of management of tenements previously under joint venture with Barrick Gold of Australia Limited, both of whom retain a claw back right in the properties.

Work on the project has included compilation of previous exploration data, geological interpretation and target generation. A drilling program commenced recently at the Supplejack Project which encompasses an under-explored inlier of Tanami Group rocks in the northern Tanami region. Of particular significance, the tenements contain unexplored Dead Bullock Formation sediments, the same stratigraphic host unit to mineralisation at The Granites and Callie gold mines, juxtaposed by major gold-bearing structures.

Drilling to date has intersected potential host lithologies to gold mineralisation including carbonaceous sediments containing encouraging zones of quartz veining with sulphide minerals such as pyrite and arsenopyrite which are commonly associated with gold mineralisation in the Tanami region (assays are pending).

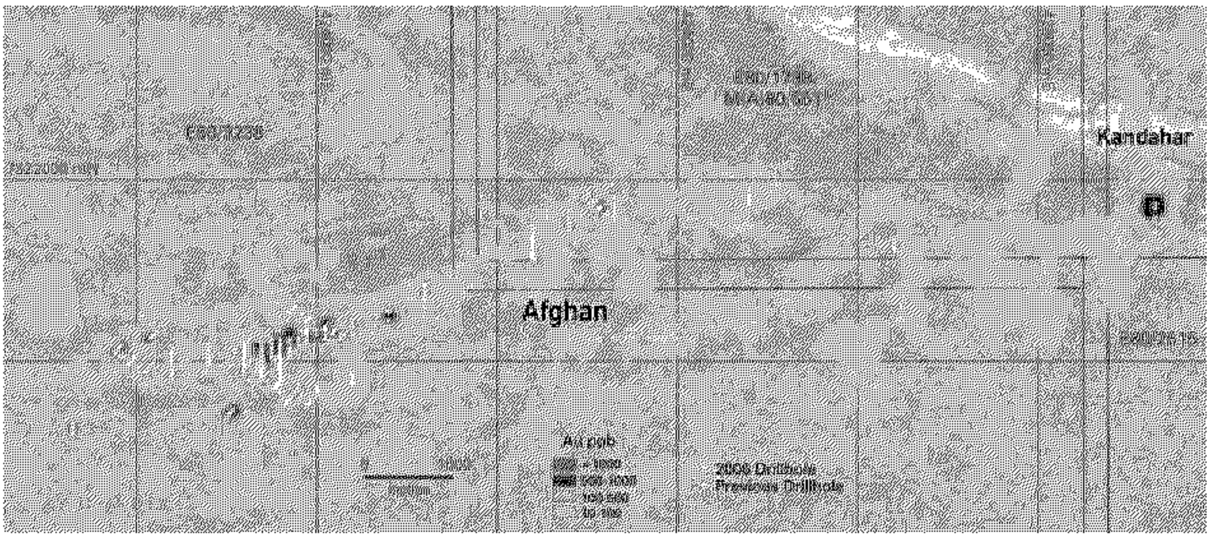
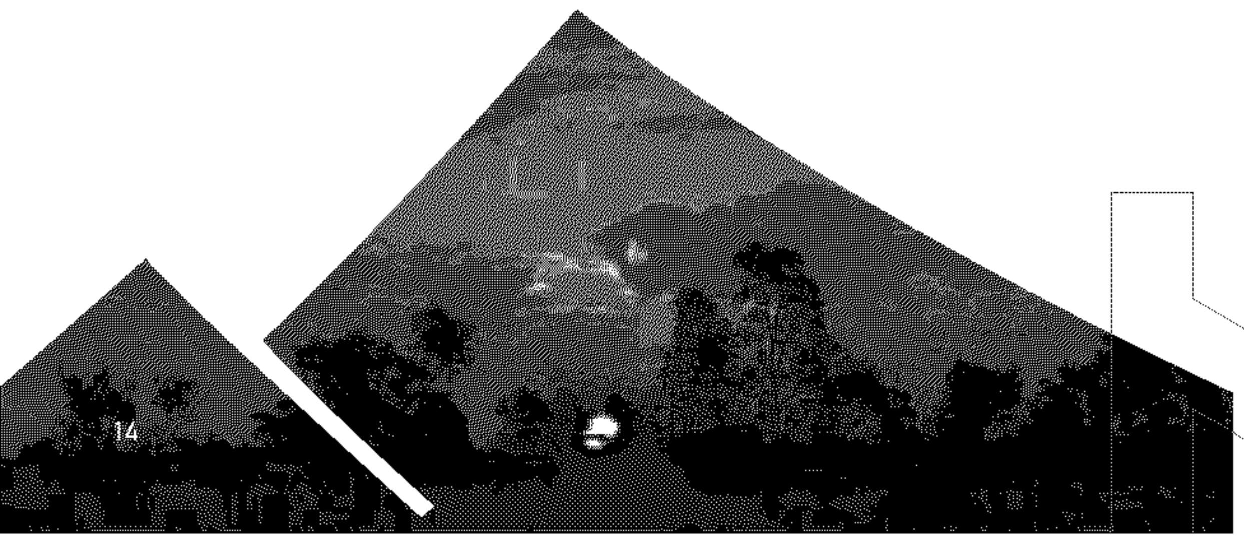


Figure 7 – Afghan Mineralised Corridor



ARUNTA PROJECT

The Company's tenement holdings cover a broad range of Proterozoic terranes within the Arunta Province in which the Company is primarily targeting Tanami-style gold deposits. Research conducted by Government geological surveys and Tanami Gold has identified similarities in lithology, age and tectonic deformation events between the widespread Lander Group sedimentary package that underlies the Arunta Province and the Tanami rocks which contain gold mineralisation.

Gold mineralisation in the Lander Group is proven with numerous gold shows and drill intersections. For example, at the Abrolhos and Reynolds Range prospect areas several economic grade drill intersections have been returned peaking at 8 metres at 6.4g/t Au from 72 metres and 30 metres at 2.5g/t Au from 21 metres respectively.

The Arunta Province is significantly under-explored and the lack of previous recognition of its prospectivity has allowed the Company to acquire a major land position.

Lake Mackay

The Lake Mackay Project covers a substantial region of previously unexplored Lander Group metasediments prospective for gold mineralisation. During 2006 the Company has targeted several prospective areas identified from previous surface sampling and scout drilling programs. Exploration activities have included systematic follow-up surface sampling and a program of some 12,500 metres RAB and aircore drilling. This program led to the discovery of a new gold prospect – Tekapo.

The Tekapo Prospect (see Figure 1) comprises an outcropping gossanous ironstone which was discovered in 2005 from follow-up of nearby low level surface anomalies. Surface sampling of the ironstone in May 2006 returned encouraging rock chip and lag sample assays up to 3.1g/t Au (see Figure 8).

First pass aircore drilling beneath the gossan in August 2006 returned a highly significant intercept of 16 metres at 3.4g/t Au from 29 metres associated with a strongly ferruginous clay with gossanous ironstone bands.

These first pass drilling results from the Tekapo Prospect represent a highly significant gold discovery given the remote location in this part of Central Australia which has previously not been subject to modern-day mineral exploration.

The 2006 Lake Mackay program also identified encouraging gold mineralisation at other target areas including the Ohau Prospect which returned an aircore drill intercept at bottom of hole of 2 metres at 0.45g/t Au from 32 metres. The Company plans to undertake further exploration of the Lake Mackay Project in the 2006 field season, including follow-up drilling of the Tekapo discovery.

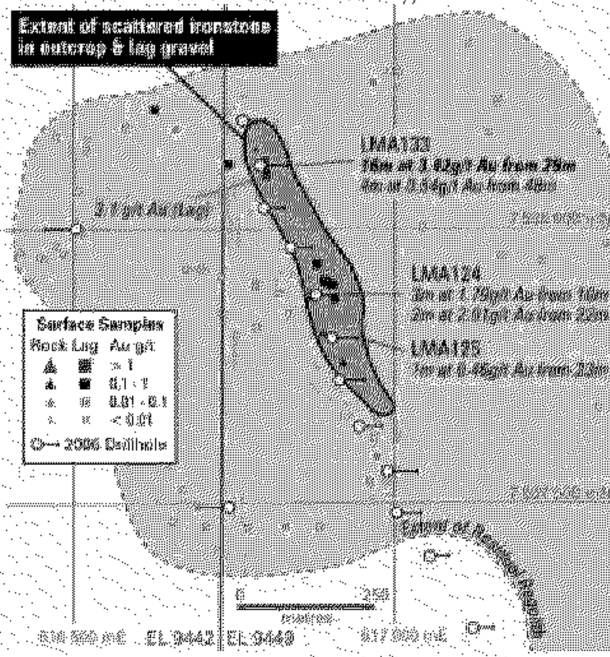


Figure 8 – Tekapo

Reynolds Range

The Reynolds Range Project comprises the juncture of prospective Lander Group sedimentary bedrock with the Trans-Tanami Structural Corridor which extends to The Granites, Callie and Coyote gold deposits in the Tanami gold field some 300 kilometres to the northwest. Previous exploration at Reynolds Range has identified approximately 80 kilometres strike of contiguous prospective mineralised terrane ranging from low level geochemical gold anomalism to advanced gold prospects.

A drilling program of 8,000 metres RAB, Aircore and slim-line RC percussion was completed during the first half of the 2006 field season testing un-drilled portions of the anomalous gold corridor. The program comprised wide-spaced scout drilling on 2 to 4 kilometre spaced lines aimed at detecting broad low level gold-arsenic anomalism that is associated with the geochemical 'footprint' of mine camps in the Tanami goldfield.

New strike extensive low level gold anomalies have been identified in two areas coincident with shear zones and deeply weathered profiles. While the tenor of these anomalies is low, with peak assays ranging from 10ppb Au to 25ppb Au, the wide drill hole spacing warrants infill drilling to test for more significant mineralisation. Reynolds Range has geological affinities to the Coyote area where significant gold mineralisation was discovered through follow-up of a shallow drilling anomaly which peaked at just 12ppb gold.

FUTURE EXPLORATION

During the past 12 months encouraging exploration results have been returned from numerous prospects within trucking distance of the Coyote treatment plant and within the Company's large Northern Territory landholdings which have the potential to host multi-million ounce deposits.

The Company is focussed on generating cash flow from the Coyote Gold Project which will fund intensive exploration programs thereby providing significant exploration leverage from the Company's large prospective landholdings.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2006

Your 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 and its controlled entity, for the year ended 30 June 2006 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:

Executive Chairman – Denis Patrick Waddell, ACA, FAICD (appointed 21 July 1995)

Mr Denis Waddell, aged 49, is a Chartered Accountant with extensive experience in the management of exploration and mining companies. Prior to establishing Tanami Gold NL in 1994, he was the Finance Director of the Metana Minerals NL group. During the past 20 years, he has gained considerable experience in corporate, finance and operations management of exploration and mining companies. During the past three years Mr Waddell has also served as a director of Jabiru Metals Limited, an ASX listed company until he resigned as a director on 27 February 2006.

Non-Executive Director – Gary Ernest Comb, B.Sc.(Mech), Dip. Ed. (appointed 21 July 1995)

Mr Gary Comb, aged 54, is an engineer with more than 20 years' experience principally in mine operations and project development. For the four years to January 2004, he was the Chief Executive Officer of the largest privately owned Western Australian based mining and civil contracting company, BGC Contracting Pty Limited. He gained extensive mining operations experience from 1983-1990 through responsibilities principally as Operations Director with Metana Minerals NL which included management of the Mount Magnet, Reedy, Youanmi and Rothsay (underground) mines in Western Australia and as Mining Operations Manager for MacMahon Contractors from 1992 to 1999. During the past three years Mr Comb continues to serve as Managing Director of Jabiru Metals Limited, an ASX listed company.

Non-Executive Director – Martin Ellis Kavanagh, B.Sc(Hons) Geology, F.Aus.IMM, Member AIG (appointed 21 July 1995)

Mr Martin Kavanagh, aged 59, has worked widely within the exploration and mining industry throughout Australia and offshore in Indonesia and the Southwest Pacific regions. Mr Kavanagh is an exploration geologist with extensive knowledge of the regional and deposit scale controls of Achaean, Lower Proterozoic and younger epithermal gold mineralising systems acquired through fieldwork, research and management of Australia-wide and offshore programs. During the past year Mr Kavanagh has also served as a director of Deep Yellow Limited, an ASX listed company.

Executive Director – Franciscus Sibbel, B.E.(Hons) Mining, F.Aus.IMM (appointed 7 July 2006)

Mr Franciscus (Frank) Sibbel, aged 58, has 35 years of operational, project management and consultancy experience covering operational and financial management of many projects within large and small mining companies. Importantly, Mr Sibbel has successfully managed projects from development through to successful operations including open pit and underground mining and related processing facilities.

2. Company Secretary

John Traicos BA (Hons) BL LLB

Mr John Traicos is a lawyer with more than 25 years of experience in legal and corporate affairs in Southern Africa and Australia. Mr Traicos has acted as a corporate lawyer to several Australian resource companies and has been involved in resource projects in Australia, Africa and Indonesia. Mr Traicos held the positions of Company Secretary and Commercial Legal Manager for the Perilya Group from 2000 to 2005 before joining Tanami Gold NL in November 2005. Mr Traicos was appointed to the position of Company Secretary on 1 December 2005.

Mr Kim Hogg, resigned from the position of Company Secretary on 1 December 2005.

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	8	8	2	2	2	2
G Comb	8	8	2	2	2	2
M Kavanagh	8	8	2	2	2	2

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

Coyote Gold Project

During the year, the Coyote Gold Project feasibility study was completed and all approvals were gained for the development of the Project. In addition, an agreement was entered into with the Tjurabalan Traditional Owners which enabled the Project to be developed.

In December 2005 the Company announced that the Project would be developed during 2006 based on a resource inventory of 572,000 ounces of gold with a Stage 1 mine life of five years at a production rate of 50,000 ounces of gold per annum.

Following further mining and treatment studies given the increase in the gold price, a decision was made to increase the scale of the treatment plant and open pits which resulted in the annual production target increasing to 70,000 ounces per annum and an increase in development costs. The changes to the Project design combined with construction delays resulted in cost increases and commissioning of the treatment plant being delayed by approximately three months. Such delays and cost increases required further funds to be raised in July 2006, particularly as the mining of the open pit commenced from 1 May 2006 resulting in a significant stockpile being established without any ore being treated until August 2006. The delays in construction and commissioning have resulted from scheduling difficulties due to high demands for skilled labour and delays in suppliers meeting equipment delivery schedules due to the high demand for services and equipment within the Australian resource sector.

In May 2006, the opening of the Coyote Gold Project by the Governor-General of Australia, his Excellency Major General Michael Jeffery and the Tjurabalan elders, signalled the most important turning point in the Company's 12 year history as a junior exploration company, marking the Company's transition to producer status. The event was attended by a large number of Tjurabalan People to celebrate the strong partnership between the Company and the Tjurabalan People based on a long term commitment to the region by both parties which includes a strong commitment to training, employment and business development opportunities for the Tjurabalan People.

Exploration

During the year the Company undertook further exploration programs at Coyote and upon its extensive landholdings in the Tanami-Arunta Province. The drill programs at Coyote returned numerous high grade intersections which increased the quality of and confidence in the continuity and grade of the Coyote resources. In addition, the regional programs returned encouraging first pass results at a number of prospects.

Across all projects, the Company's geologists undertook a review of all historical exploration data with the aim of appraising existing projects and identifying new exploration targets for follow-up exploration.

With the objective of realising exploration upside as early as possible, the Company undertook a detailed assessment and prioritisation of its vast exploration portfolio aimed at allocating funds on a priority basis to projects rated the most prospective based upon certain technical criteria. During the year, exploration programs have been undertaken and are continuing on the higher priority project areas.

Corporate

Sale of Investment in Jabiru Metals Limited

During the year, the Company sold the balance of its shareholding in Jabiru Metals Limited to Consolidated Minerals Limited for a sale proceeds of $7,300,000 and a net gain of $4,307,731. The proceeds of the sale have funded ongoing drilling and feasibility costs at Coyote.

Sale of Uranium Rights to Deep Yellow Limited

During the year, the Company completed the sale of the uranium rights to its extensive Tanami-Arunta exploration portfolio to Deep Yellow Limited ("Deep Yellow") for $400,000 cash and 30,000,000 ordinary shares in Deep Yellow. During the year, the Company participated in an entitlement issue purchasing a further 15,000,000 shares for $1,125,000 and subsequently sold 6,300,000 shares for $1,188,432. The Company held 38,700,000 Deep Yellow shares as at 30 June 2006.

Share Placements

During the year the Company raised $19,980,000 through the placement of 108,000,000 shares at $0.185 per share in March 2006.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2006

5. Operating and Financial Review (continued)

Financial Result

The Consolidated Entity incurred a loss of $4,438,094 (2005: $24,319,309) for the year. This loss included:

- Significant exploration expenditure was written off totalling $5,804,498 (2005: $21,503,239). This reflects the Board's view on the carrying value of tenements.
- At balance date a small ore stockpile existed and the Board has reviewed the carrying value of this and provided $3,908,787 against the stockpile. The cost of this stockpile included the cost of pre-strip. The Consolidated Entity has decided not to defer pre-strip costs.
- An impairment of investments totalling $1,893,002 which principally relates to an impairment of the Deep Yellow Limited investment.

Growth Strategy

The Company is well positioned in the current climate of favourable gold prices to progress its growth into a significant Australian gold producer and achieve gains in shareholder value. Utilising its large prospective ground holdings and its numerous drill targets developed over many years of regional exploration, the Company intends to:

- develop the Coyote Gold Mine to production status during the December half of 2006;
- enhance and increase production at the Coyote Gold Project through the conversion of existing gold resources and prospects into near mine reserves; and
- pursue intensive and sustained exploration programs aimed at increasing the Company's existing resource inventory and production profile through down plunge and along strike extensions to known mineralisation and through new discoveries within the Company's major ground holdings located within the prospective Tanami-Arunta Province of Central Australia.

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 were as follows:

- As set out in section 5 above, the Company sold its shareholding in Jabiru Metals Limited and sold the uranium rights to its tenements to Deep Yellow Limited.
- In December 2005, the Company announced that the Coyote Gold Project would be developed with construction of the treatment plant commencing in April 2006 and open pit mining operations commencing in May 2006.
- In March 2006, the Company raised $19,980,000 through the placement of 108,000,000 shares at $0.185 per share.

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

Operations Director Appointed

On 7 July 2006 the Company announced the appointment of Frank Sibbel as the Company's Director of Operations. Mr Sibbel's appointment significantly strengthens the Company's operational and technical expertise at this important period in the Company's transition from explorer to producer with the development of the Coyote Gold Project.

Share Placements

On 18 July 2006 the Company announced it had raised $15,000,000 through the placement of 60,000,000 shares at an issue price of $0.25 per share. The funds raised were for the development of the Coyote Gold Project, exploration and working capital.

On 26 September 2006 the Company announced it had reached agreement in-principle with Hartleys Limited to raise $10,000,000 through the placement of 50,000,000 shares at an issue price of $0.20 per share. The funds raised are for the development of the Coyote Gold Project, exploration and working capital.

Sale of Deep Yellow Shares

On 12 September 2006 the Company announced it had sold 15,000,000 shares in Deep Yellow Limited for proceeds totalling $2,088,450 which are to be used for working capital.

10. Likely Developments

The Company will continue to develop, operate and progress the expansion of the Coyote Gold Project and undertake further exploration work on its tenement interests in the Tanami-Arunta Province located in Central Australia.

11. Directors' Interests

The relevant interest of each Director in shares and options of the Company, as notified by the Directors to the Australian Stock Exchange 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	6,145,023	8,612,501	15,000,000
G Comb	1,058,299	8,399,596	16,500,000
M Kavanagh	283,750	3,023,750	3,750,000

12. Share Options

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 to the following most highly remunerated officers of the Company as part of their remuneration:

Executive Officers	Number of Options Granted	Exercise Price	Expiry Date
C Mardon	250,000	$0.18	22 November 2009
T Smith	300,000	$0.18	22 November 2009
J Traicos	300,000	$0.18	22 November 2009

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

Unissued shares under option

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

Number	Type	Exercise Price	Expiry Date
1,500,000	Unquoted	$0.200	27 November 2008
33,750,000	Unquoted	$0.225	20 October 2009
1,150,000	Unquoted	$0.225	22 November 2009
2,400,000	Unquoted	$0.180	22 November 2009
38,800,000			

During the year 5,650,000 options issued 30 November 1998 lapsed unexercised. Since the end of the financial year 550,000 options expiring 22 November 2009 were forfeited on cessation of employment.

Share options issued

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

Expiry Date	Exercise price ($)	Number of Options
22 November 2009	$0.18	2,850,000

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

12. Share Options (continued)

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

13.1 Principles of compensation – audited

Remuneration of directors and executives is referred to as compensation as defined in AASB 124.

Compensation levels for key management personnel of the Company, and relevant key management personnel of the Consolidated Entity are competitively set to attract and retain appropriately qualified and experienced directors and executives. The Remuneration and Nomination Committee obtains independent advice on the appropriateness of compensation packages of both the Company and the Consolidated Entity, given trends in comparative companies both locally and internationally and the objectives of the Company's compensation strategy.

The compensation structures are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and 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 Consolidated Entity. 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 does not have performance linked short-term incentives.

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 staff based on their level of seniority and position within the Company and are exercisable after two years of grant.

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 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.

13.1.4 Service contracts

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

Mr Denis P Waddell - Executive Chairman

Mr Waddell has a contract of employment dated 31 December 2004 with the Company. The contract specifies the duties and obligations to be fulfilled by the Executive Chairman. The contract may be terminated by either party by the provision of 12 months' notice. The contract allows for the Company to make payment in lieu of notice equal to the annual base salary which represented market practice at the time.

Mr John Traicos - Manager, Commercial & Legal and Company Secretary

Mr Traicos has a contract of employment with the Company dated 16 November 2005. The contract specifies the duties and obligations to be fulfilled by the Company Secretary and Manager of Commercial and Legal. The contract may be terminated by either party by the provision of three months' notice.

Mr Christopher Mardon - General Manager Operations

Mr Mardon has a contract of employment with the Company dated 19 July 2004. 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.

Mr Tim Smith - Exploration Manager

Mr Smith has a contract of employment with the Company dated 24 June 2003. The contract specifies the duties and obligations to be fulfilled by the Exploration Manager. The contract may be terminated by either party by the provision of one month's 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.

13.1.5 Non-executive directors

Total compensation for all non-executive directors are set based on advice from external advisors with reference to fees paid to other non-executive directors of comparable companies. Non-executive directors' fees are presently limited to $200,000 per annum.

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.

13.2 Directors' and executive officers' remuneration - audited

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		**Post employment**	**Share based payments**	**Total remuneration**	
		Salary & fees	Non-monetary benefits	Superannuation benefits	Calculated value of options (non cash)		Value of options as a proportion of total remuneration
DIRECTORS		**$**	**$**	**$**	**$**	**$**	**%**
D Waddell	2006	424,771	1,992	38,230	-	464,993	-
(Executive Chairman)	2005	247,704	643	22,308	-	270,655	-
G Comb (i)	2006	46,989	5,410	16,000	-	68,399	-
(Non-Executive Director)	2005	116,400	8,990	33,600	-	158,990	-
M Kavanagh	2006	37,500	-	-	-	37,500	-
(Non-Executive Director)	2005	30,000	-	-	-	30,000	-
Total all	2006	509,260	7,402	54,230	-	570,892	-
specified Directors	2005	394,104	9,633	55,908	-	459,645	-
EXECUTIVES							
C Mardon (General Manager	2006	194,954	1,992	17,546	9,479	223,971	4.23
Operations)	2005	88,625	-	7,976	-	96,601	-
T Smith	2006	155,925	1,992	14,033	11,375	183,325	6.20
(Exploration Manager)	2005	94,773	-	8,530	-	103,303	-
M Churchward (ii)	2006	54,121	-	4,871	-	58,992	-
(Chief Financial Officer)	2005	10,388	-	935	-	11,323	-
M Campbell (iii) (Former Chief	2006	-	-	-	-	-	-
Financial Officer)	2005	58,993	-	-	-	58,993	-
J Traicos (iv)	2006	122,324	-	11,009	11,375	144,708	7.86
Company Secretary	2005	-	-	-	-	-	-
Total all named	2006	527,324	3,984	47,459	32,229	610,996	5.27
Executives	2005	252,779	-	17,441	-	270,220	-
Total all specified	2006	1,036,584	11,386	101,689	32,229	1,181,888	2.72
Directors and Executives	2005	646,883	9,633	73,349	-	729,865	-

(i) Changed from executive to non-executive with effect from 1 July 2005
(ii) Appointed March 2005 and resigned October 2005
(iii) Appointed September 2004 and resigned February 2005
(iv) Appointed December 2005

The Company granted options as compensation to directors in 2005 as disclosed in section 13.4.1 of this report. The Company has elected to apply the transitional rules of AASB 2 *Share based payments* and AASB 1 *First Time Adoption of International Financial Reporting Standards* and not apply the recognition and measurement principles to those options. Accordingly, the fair value of these options was not expensed to the income statement in the prior year, however, their value is disclosed in section 13.4.1.

13.3 Analysis of bonuses included in remuneration - unaudited

No bonuses were paid during the year.

13. Remuneration Report (continued)

13.4 Equity instruments - audited

13.4.1 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 2006	Grant Date	Number of options vested during 2006	Fair value per option at grant date ($)	Exercise/ notional price per option ($)	Expiry date/ Anniversary date
Directors						
Mr D Waddell	-	-	-	-	-	-
Mr M Kavanagh	-	-	-	-	-	-
Mr G Comb	-	-	-	-	-	-
Executives						
Mr C Mardon	250,000	1 Dec 2005	-	0.13	0.18	22 Nov 2009
Mr T Smith	300,000	1 Dec 2005	-	0.13	0.18	22 Nov 2009
Mr J Traicos	300,000	1 Dec 2005	-	0.13	0.18	22 Nov 2009

	Number of options granted during 2005	Grant Date	Number of options vested during 2005	Fair value per option at grant date ($)	Exercise/ notional price per option ($)	Expiry date/ Anniversary date
Directors						
Mr D Waddell	15,000,000	20 Oct 2004	15,000,000	0.02	0.225	20 Oct 2009
Mr M Kavanagh	3,750,000	20 Oct 2004	3,750,000	0.02	0.225	20 Oct 2009
Mr G Comb	15,000,000	20 Oct 2004	15,000,000	0.02	0.225	20 Oct 2009
Executives						
Mr C Mardon	250,000	22 Nov 2004	250,000	0.02	0.225	22 Nov 2009
Mr T Smith	200,000	22 Nov 2004	200,000	0.02	0.225	22 Nov 2009
Mr M Churchward	-	-	-	-	-	-
Mr M Campbell	250,000	22 Nov 2004	250,000	0.02	0.225	22 Nov 2009

No options have been granted since the end of the financial year. Options were provided at no cost to the recipients.

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

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

13.4.3 Exercise of options granted as compensation

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

13.5 Equity instruments - unaudited

13.5.1 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		% Vested in year	% Forfeited in year	Financial year in which grants vest	Value yet to vest ($)
	Number	Date				
Directors						
Mr D Waddell	15,000,000	20 Oct 2004	-	-	2005	-
Mr M Kavanagh	3,750,000	20 Oct 2004	-	-	2005	-
Mr G Comb	15,000,000	20 Oct 2004	-	-	2005	-
Company Executives						
Mr C Mardon	250,000	22 Nov 2004	-	-	2005	-
Mr C Mardon	250,000	1 Dec 2005	29%	-	2008	23,021
Mr T Smith	200,000	22 Nov 2004	-	-	2005	-
Mr T Smith	300,000	1 Dec 2005	29%	-	2008	27,625
Mr J Traicos	300,000	1 Dec 2005	29%	-	2008	27,625

13.5.2 Analysis of movements in options and rights

The only movement during the reporting period was options granted to key management personnel as described above. There were no options exercised or forfeited during or since the reporting period.

14. Non-Audit Services

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

In the event that non-audit services are provided by KPMG, 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 Committee to ensure they do not impact the integrity and objectivity of the auditor.
- Ensuring non-audit services do not involve reviewing or auditing the auditor's 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 and Auditors

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. It 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 previous 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 24 and forms part of the directors' report for the financial year ended 30 June 2006.

Dated at Perth, Western Australia this 29th day of September 2006.

Signed in accordance with a resolution of the Directors.

D Waddell

Executive Chairman

LEAD AUDITOR'S INDEPENDENCE DECLARATION

KPMG

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 2006 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

D McComish

D P McCOMISH
Partner

Perth
29 September 2006

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Tanami Gold is responsible for the corporate governance of the economic entity. The Board guides and monitors the business and affairs of Tanami Gold 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.
- Performance incentives which allow executives to share the rewards of the success of Tanami Gold.

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 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 comprising Non-Executive Directors M Kavanagh and G Comb 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.

Audit Committee

The Company has an Audit Committee comprising M Kavanagh (Chairman), G Comb and the Chief Financial Officer. 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.

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 operation and administration of the Consolidated Entity is delegated by the Board to the Executive Chairman/Managing Director. The Board ensures that the Executive Chairman/Managing Director is appropriately qualified and experienced to discharge his responsibilities, and has in place procedures to assess the performance for 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;
- 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 to be reviewed annually by the chairperson. Directors whose performance is unsatisfactory are asked to retire.

CORPORATE GOVERNANCE STATEMENT

Best Practice Recommendation

Outlined below are the 10 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
Recognise and publish the respective roles and responsibilities of the Board and management. Principle 1: Lay solid foundation for management and oversight 1.1 Formalise and disclose the functions reserved to the Board and those delegated to management.	Adopted
Have a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties. Principle 2: Structure the Board to add value 2.1 A majority of the Board should be independent. 2.2 The chairperson should be an independent Director. 2.3 The roles of chairperson and chief executive officer should not be exercised by the same individual. 2.4 The board should establish a nomination committee. 2.5 Provide the information indicated in 'Guide to reporting on Principle 2'.	Adopted except as follows:- 2.2 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 current projects and business. Mr D Waddell, as Executive Chairman, is not independent. The Board considers that this is not inappropriate given his experience in the resource sector in Australia and the Company's current stage of development. 2.3 The roles of Chairperson and Managing Director are exercised by the same individual. Given the size of the Company, Mr D Waddell assumed a full-time executive role (effective 1 July 2005) in order to facilitate the planned transition from explorer to producer. It is intended to review the position of Managing Director as the Company develops. Mr Frank Sibbel, appointed as Operations Director on 7 July 2006 has assumed day to day operations responsibility.
Actively promote ethical and responsible decision-making. Principle 3: Promote ethical and responsible decision-making 3.1 Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to: • the practices necessary to maintain confidence in the Company's integrity. • the responsibility and accountability of individuals for reporting or investigating reports of unethical practices. 3.2 Disclose the policy concerning trading in Company securities by directors, officers and employees. 3.3 Provide the information indicated in 'Guide to Reporting on Principle 3'.	Adopted
Have a structure in place to independently verify and safeguard the integrity of the Company's financial reporting. Principle 4: Safeguard integrity in financial reporting 4.1 Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards. 4.2 The Board should establish an audit committee. 4.3 Structure the audit committee so that it consists of: • Only non-executive directors. • A majority of independent directors. • An independent chairperson who is not the chairperson of the Board. • At least three members. 4.4 The audit committee should have a formal operating charter. 4.5 Provide the information indicated in the 'Guide to reporting on Principle 4'.	Adopted except as follows: 4.2 and 4.3: The Company has an Audit Committee comprising Non-Executive Directors M Kavanagh (Chairman), G Comb and the Chief Financial Officer. The Board considers that the current structure is appropriate given the size of the Entity and the necessary 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
Promote timely and balanced disclosure of all material matters concerning the Company. Principle 5: Make timely and balanced disclosure 5.1 Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance. 5.2 Provide the information indicated in the 'Guide to reporting on Principle 5'.	Adopted
Respect the rights of shareholders and facilitate the effectiveness of those rights. Principle 6: Respect the rights of shareholders 6.1 Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings. 6.2 Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the audit and the preparation and content of the auditor's report.	Adopted
Establish a sound system of risk oversight and management and internal control. Principle 7: Recognise and manage risk 7.1 The Board or appropriate Board committee should establish policies on risk oversight and management. 7.2 The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the Board in writing that: • the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and • the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects. 7.3 Provide the information indicated in the 'Guide to reporting on Principle 7'.	Adopted
Fairly review and actively encourage enhanced board and management effectiveness. Principle 8: Encourage enhanced performance 8.1 Disclose the process for performance evaluation of the Board, its committees and individual directors, and key executives.	Adopted
Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined. Principle 9: Remunerate fairly and responsibly 9.1 Provide disclosure in relation to the Company's remuneration policies to enable investors to understand (i) the cost and benefits of these policies and (ii) the link between remuneration paid to directors and key executives and corporate performance. 9.2 The Board should establish a remuneration committee. 9.3 Clearly distinguish the structure of non-executive directors' remuneration from that of executives. 9.4 Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.	Adopted except as follows: 9.1 As an emerging producer, it is not considered appropriate to link cash remuneration to corporate performance. However an incentive employee option scheme is in place for Directors and Executives. 9.2 A Remuneration and Nomination Committee was established 1 July 2005 made up of two Non-Executive Directors, G Comb and M Kavanagh.
Recognise the legal and other obligations of all legitimate stakeholders Principle 10: Recognise the legitimate interest of stakeholders 10.1 Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.	Adopted

INCOME STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

		Consolidated		Company	
		2006	2005	2006	2005
	Note	$	$	$	$
Other income	2	10,518,643	454,241	8,678,084	1,270,709
Exploration and evaluation expenses	3	(5,804,498)	(21,503,239)	-	-
Administration and corporate expenses		(3,737,415)	(1,966,352)	(94,846)	(1,312,560)
Provision for inventory write-down	3	(3,908,787)	-	-	-
Impairment of investments	3	(1,893,002)	(17,744)	(1,893,002)	(17,744)
Provision for non-recovery of loan to controlled entity	3	-	-	(11,451,277)	(24,368,978)
Share of net profit/(loss) of associates accounted for using the equity method	11	-	(1,263,508)	-	-
Loss before tax and financing		(4,825,059)	(24,296,602)	(4,761,041)	(24,428,573)
Financial income	5	387,220	167,663	322,947	122,096
Financial expenses	5	(255)	(190,370)	-	-
Loss before tax		(4,438,094)	(24,319,309)	(4,438,094)	(24,306,477)
Income tax benefit/(expense)	6	-	-	-	-
Net loss for the year		(4,438,094)	(24,319,309)	(4,438,094)	(24,306,477)
Basic loss per share	28	(0.90 cents)	(7.12 cents)		

Diluted loss per share is not shown as all potential ordinary shares on issue would decrease the loss per share and are thus not considered dilutive.

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

BALANCE SHEETS
AS AT 30 JUNE 2006

		Consolidated		Company	
		2006	2005	2006	2005
	Note	$	$	$	$
CURRENT ASSETS					
Cash and cash equivalents	8	7,898,071	981,669	7,633,097	918,473
Trade and other receivables	9	1,531,058	545,647	12,466	21,319
Inventories	10	1,473,092	46,024	-	-
Financial asset held for sale	11	-	3,006,291	-	4,256,968
Total current assets		10,902,221	4,579,631	7,645,563	5,196,760
NON-CURRENT ASSETS					
Trade and other receivables	9	1,450,808	241,815	17,073,462	7,998,255
Other financial assets	12	4,683,750	119,768	7,696,983	3,133,000
Property, plant and equipment	13	30,525,880	1,733,116	-	-
Exploration, evaluation and development expenditure	14	891,765	11,356,007	-	-
Total non-current assets		37,552,203	13,450,706	24,770,445	11,131,255
TOTAL ASSETS		48,454,424	18,030,337	32,416,008	16,328,015
CURRENT LIABILITIES					
Interest-bearing liabilities	15	-	-	-	-
Trade and other payables	16	14,668,155	1,614,419	-	279,534
Provisions	17	500,734	219,437	-	-
Total current liabilities		15,168,889	1,833,856	-	279,534
NON-CURRENT LIABILITIES					
Provisions	17	869,527	148,000	-	-
Total Non-Current Liabilities		869,527	148,000	-	-
TOTAL LIABILITIES		16,038,416	1,981,856	-	279,534
NET ASSETS		**32,416,008**	**16,048,481**	**32,416,008**	**16,048,481**
EQUITY					
Issued capital	18	84,783,082	65,804,422	84,783,082	65,804,422
Reserves	19	1,740,021	-	1,740,021	-
Accumulated losses	20	(54,107,095)	(49,755,941)	(54,107,095)	(49,755,941)
TOTAL EQUITY		**32,416,008**	**16,048,481**	**32,416,008**	**16,048,481**

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 2006

	Note	Issued Capital	Accumulated Losses	Reserves	Total
Consolidated		**$**	**$**	**$**	**$**
At 1 July 2004		50,430,432	(25,532,538)	95,906	24,993,800
Recognised income and expense		-	(24,319,309)	-	(24,319,309)
Issue of share capital		15,373,990	-	-	15,373,990
Reserves transferred		-	95,906	(95,906)	-
At 30 June 2005		65,804,422	(49,755,941)	-	16,048,481
At 1 July 2005		65,804,422	(49,755,941)	-	16,048,481
Recognised income and expense		-	(4,438,094)	1,740,021	(2,698,072)
Share based payments		-	86,940	-	86,940
Issue of share capital		18,978,659	-	-	18,978,659
At 30 June 2006		84,783,082	(54,107,095)	1,740,021	32,416,008
Company					
At 1 July 2004		50,430,432	(25,545,370)	95,906	24,980,968
Recognised income and expense		-	(24,306,477)	-	(24,306,477)
Issue of share capital		15,373,990	-	-	15,373,990
Reserves transferred		-	95,906	(95,906)	-
At 30 June 2005		65,804,422	(49,755,941)	-	16,048,481
At 1 July 2005		65,804,422	(49,755,941)	-	16,048,481
Recognised income and expense		-	(4,438,094)	1,740,021	(2,698,072)
Share based payments		-	86,940	-	86,940
Issue of share capital		18,978,659	-	-	18,978,659
		84,783,082	(54,107,095)	1,740,021	32,146,008

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

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

		Consolidated		Company	
		2006	2005	2006	2005
	Note	$	$	$	$
Cash Flows from Operating Activities					
Cash payments in the course of operations		(4,061,034)	(1,415,527)	(271,997)	(22,137)
Cash payments for exploration expenditure		(5,610,900)	(9,214,167)	-	-
Cash payments for development expenditure		-	(758,292)	-	-
Cash receipts from option fees		250,000	-	-	-
Cash receipts from shared services		265,798	733,275	220,000	733,275
Interest received		387,220	176,223	322,947	120,270
Interest paid		(255)	(190,369)	-	(2)
Net cash provided by/(used in) operating activities	29(b)	**(8,769,171)**	**(10,668,857)**	**270,950**	**831,406**
Cash Flows from Investing Activities					
Proceeds from sale of mineral rights		400,000	-	400,000	-
Payments for property, plant and equipment		(10,150,754)	(1,354,695)	-	-
Proceeds from sale of plant and equipment		75,161	500	-	-
Payments for exploration security deposits		(1,208,993)	-	-	-
Payments for investments		(1,125,000)	(2,096,368)	(1,125,000)	(2,096,368)
Proceeds from sale of equity investments		8,716,499	-	8,716,499	-
Loans to associate		-	(300,000)	-	(300,000)
Loans repaid by associate		-	300,000	-	300,000
Loans from associate		-	1,000,000	-	-
Loans repaid to associate		-	(1,000,000)	-	-
Loans to controlled entity		-	-	(20,526,485)	(13,232,995)
Net cash used in investing activities		**(3,293,087)**	**(3,450,563)**	**(12,534,986)**	**(15,329,363)**
Cash Flows from Financing Activities					
Net proceeds from issue of shares and options		18,978,660	15,373,991	18,978,660	15,373,991
Repayment of borrowings		-	(5,000,000)	-	-
Net cash provided by financing activities		**18,978,660**	**10,373,991**	**18,978,660**	**15,373,991**
Net increase/(decrease) in cash and cash equivalents held		6,916,402	(3,745,429)	6,714,624	876,034
Cash and cash equivalents at the beginning of the financial year		981,669	4,727,098	918,473	42,439
Cash and cash equivalents at the end of the financial year	29(a)	**7,898,071**	**981,669**	**7,633,097**	**918,473**

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

NOTES TO THE FINANCIAL STATEMENTS

1. Significant Accounting Policies

Tanami Gold NL ("the Company") is a company domiciled in Australia. The consolidated financial report of the Company for the year ended 30 June 2006 comprises the Company and its subsidiary (together referred to as the "Consolidated Entity").

The consolidated report was authorised for issue by the directors on 29 September 2006.

a) Statement of Compliance

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

International Financial Reporting Standards ("IFRSs") form the basis of Australian Accounting Standards adopted by the AASB, and for the purpose of this report are called Australian equivalents to IFRS ("AIFRS") to distinguish from previous Australian GAAP. The financial report of the Consolidated Entity also complies with IFRS and interpretations adopted by the International Accounting Standards Board. The financial report of the parent entity complies with IFRS except for the disclosure requirements in IAS 32 *Financial Instruments: Presentations and Disclosure* because the Company has elected to apply the relief provided to parent entities by AASB 132 *Financial Instruments: Presentations and Disclosure* in respect of certain disclosure requirements.

This is the Consolidated Entity's first financial report prepared in accordance with Australian Accounting Standards, being AIFRS and IFRS and AASB 1 *First time adoption of Australian equivalents to International Financial Reporting Standards* has been applied. An explanation of how the transition to AIFRSs has affected the reported financial position, financial performance and cash flows of the Consolidated Entity and the Company is provided in note 32.

b) Basis of Preparation

The financial report is presented in Australian dollars.

The following standards and amendments were available for early adoption but have not been applied by the Consolidated Entity in these financial statements.

- AASB 119 *Employee Benefits* (December 2004);
- AASB 2004-3 *Amendments to Australian Accounting Standards* (December 2004) amending AASB 1 *First time Adoption of Australian Equivalents to International Financial Reporting Standards* (July 2004), AASB 101 *Presentations of Financial Statements and* AASB 124 *Related party Disclosures*;
- AASB 2005-1 *Amendments to Australian Accounting Standards* (May 2005) amending AASB 139 *Financial Instruments: Recognition and Measurement*;
- AASB 2005-3 *Amendments to Australian Accounting Standards* (June 2005) amending AASB 119 *Employee Benefits* (either July or December 2004);
- AASB 2005-4 *Amendments to Australian Accounting Standards* (June 2005) amending AASB 139 *Financial Instruments: Recognition and Measurement*, AASB 132 *Financial Intruments: Disclosure and Presentation*, AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* (July 2004), AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts*;
- AASB 2005-5 *Amendments to Australian Accounting Standards* (June 2005) amending AASB 1 *First time Adoption of Australian Equivalents to International Financial Reporting Standards* (July 2004), and AASB 139 *Financial Instruments: Recognition and Measurement*;
- AASB 2005-6 *Amendments to Australian Accounting Standards* (June 2005) amending AASB 3 *Business Combinations*;
- AASB 2005-9 *Amendments to Australian Accounting Standards* (September 2005) requires that liabilities arising from the issue of financial guarantee contracts are recognised in the balance sheet. AASB 2005-9 is applicable for annual reporting periods beginning on or after 1 January 2006.
- AASB 2006-1 *Amendments to Australian Accounting Standards* (January 2006) amending AASB 121 *The Effects of Changes in Foreign Exchange Rates* (July 2004);
- UIG 4 *Determining whether an Arrangement contains a Lease*;
- UIG 5 Rights to Interests arising from *Decommissioning, Restoration and Environmental Rehabilitation Funds*; and
- UIG 8 *Scope of AASB 2*;
- AASB 7 *Financial Instruments: Disclosure* (August 2005) replacing the presentation requirements of financial instruments in AASB 132. AASB 7 is applicable for annual reporting periods beginning on or after 1 January 2007;
- AASB 2005-10 *Amendments to Australian Accounting Standards* (September 2005) makes consequential amendments to AASB 132 *Financial Instruments: Disclosures and Presentation, AASB 101 Presentation of Financial Statements*, AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*, AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 Life Insurance Contracts, arising from the release of AASB 7. AASB 2005-10 is applicable for annual reporting periods beginning on or after 1 January 2007.

The Consolidated Entity has assessed the potential impact of the above listed standards, and therefore amendments, and has concluded that: (i) adoption of the standards will have no impact on the Consolidated Entity; (ii) are not relevant to the Consolidated Entity; or (iii) primarily provide changes to current disclosure requirements.

The initial application of AASB 2005-9 could have an impact on the financial results of the Company and the Consolidated Entity as the amendment could result in liabilities being recognised for financial guarantee contracts that have been provided by the Company and the Consolidated Entity. However, the quantification of the impact is not known or reasonably estimable in the current financial year as an exercise to quantify the financial impact has not been undertaken by the Company and the Consolidated Entity to date.

The financial report is prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments and financial instruments classified as available-for-sale.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the Consolidated Entity.

The 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of 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 in note 1(y).

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial report and in preparing an opening AIFRS balance sheet at 1 July 2004 for the purposes of the transition to Australian Accounting Standards – AIFRS.

The accounting policies have been applied consistently by all entities in the Consolidated Entity.

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 condensed consolidated interim financial report from the date that control commences until the date that control ceases.

(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 condensed consolidated interim financial statements.

(iii) Associates

Associates are those entities in which the Consolidated Entity has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Consolidated Entity's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Consolidated Entity's share of losses exceeds its interest in an associate, the Consolidated Entity's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Consolidated Entity has incurred legal or constructive obligations or made payments on behalf of an associate.

In the Company's financial statements, investments in associates are carried at fair value, with resulting revaluation gains and losses recognised in equity. The fair value of investments in listed shares of associates, is their current market value at the balance sheet date.

d) Property, Plant and Equipment

Property, plant and equipment are stated at cost less provision for depreciation and any impairment in value. 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.

Depreciation is provided on a straight-line basis on plant and equipment from the date the item is ready for use.

NOTES TO THE FINANCIAL STATEMENTS

1. Significant Accounting Policies (continued)

d) Property, Plant and Equipment (continued)

Major depreciation periods are:	2006	2005
Buildings	2.5%	2.5%
Plant and equipment	15–33%	15–33%
Motor vehicles	13-25%	25-33%
Furniture and fittings	7.5-40%	7.5-40%
Mine properties	Units of production	Units of production

(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) Mine properties and development

Mine property assets include costs transferred from exploration and evaluation assets once technical feasibility and commercial viability of an area of interest are demonstrable and subsequent costs to develop the mine to the production phase. These include expenditure incurred by the Consolidated Entity in the current and previous reporting periods. The expenditure was individually allocated to identified ore bodies on the mining lease. The assets relating to each ore body are separately amortised from the date mining commences.

A review is undertaken at each reporting date for each mine property area of interest to determine the appropriateness of continuing to carry forward values in relation to that area. When expenditure carried forward no longer contributes to the Consolidated Entity's ability to successfully exploit an area of interest, such costs are written off in the financial period the decision is made.

(iii) 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.

e) Non-current assets held for sale

Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in the disposal group) is brought up to date in accordance with applicable IFRSs. Then, on initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell.

f) 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. Exploration costs are carried forward at cost where the rights of tenure are current and:

(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.

Exploration and evaluation assets will be assessed annually for impairment in accordance with AASB 6, and where impairment indicators exist, recoverable amounts of these assets will be estimated based on discounted cash flows from their associated cash generating units. This 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.

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.

g) 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 expended as incurred.

h) 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 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. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

(i) Calculation of recoverable amount.

The recoverable amount of the Consolidated Entity's receivables carried at amortised cost is calculated as the present value of estimated future cash flows discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. 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 an asset that does not generate largely independent cash inflows the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversal of impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

Impairment losses, in respect of other assets, are reversed if there has been a change in the 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.

i) Provisions

A provision is recognised in the balance sheet when the Consolidated Entity has a present legal or constructive obligation as a result of a past event, 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, when appropriate, the risks specific to the liability.

(i) 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.

Significant 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.

NOTES TO THE FINANCIAL STATEMENTS

1. Significant Accounting Policies (continued)

i) Provisions (continued)

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.

j) 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.

k) Inventories

Ore stockpiles

Ore stockpiles are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of mining inventories is determined using a weighted average basis. Cost includes direct material, removal of waste and overburden material, mining, labour, related transportation costs to the point of processing, mine rehabilitation costs incurred in the extraction process and other fixed and variable overhead costs directly related to mining activities.

Stores

Inventories of consumable supplies and spare parts are valued at the lower of cost and net realisable value. Cost is assigned on a weighted average basis.

l) Investments

Current period policy

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-maturing, 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.

Comparative period policy

Investments in marketable securities held for the purpose of trading are measured at fair value.

In measuring fair value, revaluation increments on a class of assets basis are recognised in the revaluation reserve except that amounts reversing a decrement previously recognised as an expense are recognised as revenues. Revaluation decrements are only offset against revaluation increments relating to the same class of asset and any excess is recognised as an expense.

The quantitative effect of the change in accounting policy is set out in Note 33.

m) Trade and other receivables

Trade and 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.

n) 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.

o) 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.

p) Employee benefits

Provision is made for employee benefits accumulated as a result of employee services up to the reporting date. These employee benefits include wages and salaries, annual leave, and long service leave, and include related on-costs such as superannuation, payroll tax and workers compensation insurance.

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. 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.

Contributions to defined contribution superannuation plans are expensed as incurred.

q) Share-based payment transactions

The share option plan allows employees to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a binomial lattice model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

NOTES TO THE FINANCIAL STATEMENTS

1. Significant Accounting Policies (continued)

r) 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 bases 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.

s) Revenue

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).

t) Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

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 Example Public Company Limited.

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 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.

u) Other taxes

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

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

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

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

v) 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.

w) Trade and other payables

Trade and other payables are stated at their amortised cost. Trade payables are non-interest bearing and are normally settled on 30-day terms.

x) Loss per share

Basic loss per share is calculated by dividing the net loss attributable to members of the parent entity for the reporting period by the weighted average number of ordinary shares of the Company.

y) Segment reporting

A segment is a distinguishable component of the Consolidated Entity that is engaged whether in providing 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.

z) AASB 1 Transitional exemptions

Business combinations

The Consolidated Entity has elected not to restate business combinations that occurred prior to 1 July 2004.

Share-based payment transactions

AASB 2 "Share-Based Payments" is applied only to equity instruments granted after 7 November 2002 that had not vested on or before 1 January 2005.

Exemption from the requirement to restate comparative information for AASB 132 and AASB 139

Management has decided to apply the exemption provided in AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards which permits entities not to restate comparative information for AASB 132 Financial Instruments: Presentation and Disclosures and AASB 139 Financial Instruments: Recognition and Measurement.

NOTES TO THE FINANCIAL STATEMENTS

1. Significant Accounting Policies (continued)

aa) 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 and estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year 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 (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.

(ii) Units of production method of amortisation

The Consolidated Entity amortises mine properties in production on a units of production basis over the economically recoverable tonnes. 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.

	Consolidated		**Company**	
	2006	**2005**	**2006**	**2005**
	$	**$**	**$**	**$**
2. Other Income				
Option fees	250,000	-	-	-
Management fees	265,798	453,741	220,000	1,270,709
Sundry income	121,482	-	-	-
Gain on disposal of fixed assets	75,346	500	-	-
Gain on disposal of investments	5,059,767	-	3,711,834	-
Gain on disposal of uranium rights	4,746,250	-	4,746,250	-
	10,518,643	454,241	8,678,084	1,270,709
3. Loss before Tax				
Loss before income tax benefit has been arrived at after:				
Depreciation - plant and equipment	256,554	216,097	-	-
Less capitalised depreciation expense	-	-	-	-
	256,554	216,097	-	-
Provision for employee entitlements	298,923	124,017	-	-
Administration cost charged by subsidiary	-	-	-	1,270,709
Occupancy costs	182,464	184,430	-	-
Loss on disposal of fixed assets	185	-	-	-
Write off of expired options over listed shares	-	22,179	-	22,179
Impairment of investment (i)	1,893,002	17,744	1,893,002	17,744
Exploration expenditure written off (ii)	5,804,498	21,503,239	-	-
Provision for inventory write-down to net realisable value	3,908,787	-	-	-
Provision for non-recovery of loan to controlled entity	-	-	11,451,277	24,368,978

(i) Principally relates to the impairment of the Deep Yellow Limited investment recognised in the interim financial report for the six months ended 31 December 2005.

(ii) For further information on exploration expenditure written off, please refer to Note 14 and the Directors' Report – Operating and Financial Review. The provision for non-recovery of loan to controlled entity arose from the decreased carrying value of exploration expenditure, refer to Note 9 for further information.

	Consolidated		Company	
	2006	2005	2006	2005
	$	$	$	$

4. Personnel Expenses

Wages and salaries	2,594,958	1,538,959	-	-
Superannuation costs	233,546	138,506	-	-
Increase in liability for annual leave	196,125	127,658	-	-
Share based payments	86,940	-	86,940	-
Total Personnel Expenses	3,111,569	1,805,123	86,940	-
Less: Capitalised to exploration and evaluation assets	(1,783,487)	(1,336,292)	-	-
	1,328,082	468,831	86,940	-

5. Net Financing Costs

Interest revenue	387,220	167,663	322,947	122,096
Borrowing costs: interest on bank loans	(255)	(190,370)	-	-
Net Financing Costs	386,965	(22,707)	322,947	122,096

6. Taxation

Major components of income tax expense are as follows:

Income Statement				
Current income tax expense				
Current income tax charge	(650,030)	(6,954,301)	2,496,624	(18,811)
Income tax expense not recognised due to availability of group revenue tax losses	-	-	(2,498,797)	-
Deferred income tax expense				
Relating to origination and reversal of temporary differences	(689,807)	-	2,173	-
Current year tax losses and temporary differences not recognised in the current period	1,339,837	6,954,301	-	18,811
Income tax expense reported in income statement	-	-	-	-
Statement of Changes in Equity				
Current income tax				
Capital Raising Costs	(143,025)	-	(143,025)	-
Deferred tax				
Available for sale reserve	522,006	-	522,006	-
Income tax benefit in equity	378,982	-	378,982	-
Income tax benefit not recognised	(378,982)	-	(378,982)	-
	-	-	-	-

	Consolidated		Company	
	2006	2005	2006	2005
	$	$	$	$
6. Taxation (continued)				
The components of recognised deferred tax balances are as follows:				
CONSOLIDATED				
Deferred tax liabilities				
Interest receivable	4,869	-	-	-
Mine development	3,012,176	-	-	-
Exploration	267,530	3,406,892	-	-
Property, plant and equipment	209,887	215,161	-	-
Financial assets	522,006	-	522,006	-
Deferred tax asset offset against deferred tax liability	(4,016,468)	(3,621,963)	(522,006)	-
Gross deferred income tax liabilities	-	-	-	-
Deferred tax assets				
Provisions	630,170	110,231	518,243	-
Accruals	9,000	4,800	-	-
Property	41,320	981	-	-
Capital raising costs	3,763	5,936	3,763	5,936
Tax losses	3,332,215	3,500,015	-	-
Deferred tax asset offset against deferred tax liability	(4,016,468)	(3,621,963)	(522,006)	(5,936)
Gross deferred income tax assets	-	-	-	-
Reconciliation to income tax expense on Accounting loss				
Loss before income tax	(4,438,094)	(24,319,309)	(4,438,094)	(24,306,477)
Prima facie tax payable at the statutory income tax rate	(1,331,428)	(7,295,793)	(1,331,428)	(7,291,943)
Non-deductible expenses				
Sundry non-deductible expenditure	(8,409)	341,492	-	-
Provision for non-recovery	-	-	3,830,225	7,273,132
Current year timing differences not recognised	1,339,837	6,954,301	-	18,811
Tax losses not previously recognised	-	-	(2,498,797)	-
	-	-	-	-
Deferred tax asset (30%) not recognised arising on:				
Tax losses	11,984,173	12,682,864	15,316,388	14,506,404
Temporary differences	-	-	16,278,392	13,417,785
	11,984,173	12,682,864	31,594,780	27,924,189

7. Auditor's Remuneration

Amounts received, or due and receivable, by the auditor - KPMG - for:

	Consolidated 2006 $	Consolidated 2005 $	Company 2006 $	Company 2005 $
Audit and review of the financial statements	60,257	22,000	60,257	22,000
Advice on R&D Grants and tax services	-	44,520	-	-
	60,257	66,520	60,257	22,000

	Consolidated		Company	
	2006	2005	2006	2005
	$	$	$	$

8. Cash and Cash Equivalents

Cash at bank and on hand	476,316	481,669	211,342	418,473
Bank short term deposits	7,421,755	500,000	7,421,755	500,000
	7,898,071	981,669	7,633,097	918,473

Bank short term deposit is an "at call" account earning 5.5% interest.

9. Trade and Other Receivables

Current

GST recoverable	942,392	60,856	-	19,498
Prepayments	21,826	14,545	-	-
Other debtors	566,840	467,702	12,466	-
Interest receivable	-	2,544	-	1,821
	1,531,058	545,647	12,466	21,319

Current other debtors includes amounts due from the ATO under the energy rebate scheme ($422,929, 2005: Nil).

Non-Current

Other debtors (a)	1,450,808	241,815	-	-
Loan to controlled entity (b)	-	-	72,989,544	52,463,059
Provision for non-recovery of loan	-	-	(55,916,082)	(44,464,804)
	1,450,808	241,815	17,073,462	7,998,255

(a) Non-current other debtors represent term deposits placed in support of environmental performance bonds lodged with the Department of Industry and Resources (NT) $35,500, the Minister for State Development (WA) $1,321,001 and $94,307 held as a rent bond for the Corporate office.

(b) The loan to the controlled entity is unsecured, interest free and repayable at call. 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 12) is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

10. Inventories

Current

Stockpile – at net realisable value	1,293,226	-	-	-
Raw materials and stores - at cost	179,866	46,024	-	-
	1,473,092	46,024	-	-

11. Financial Asset Held For Sale

Non-current

Investment in Associate	-	3,006,291	-	4,256,968

11. Financial Asset Held for Sale (continued)

Details of investments in associates are as follows:

Jabiru Metals Limited ("Jabiru") (ACN 060 620 751)

At 30 June 2006, Tanami Gold held Nil (2005: 29,683,852) ordinary fully paid shares in Jabiru, a junior exploration company which represents nil (2005: 17.1%) ownership. The shares were sold during the year for proceeds of $7,296,045 and a net gain of $3,039,077 by the Company and $4,307,731 by the Consolidated Entity.

Equity accounting was suspended in the prior financial year as the investment was classified as held for sale.

	Consolidated	
	2006	2005
	$	$
Results of associate		
Share of associate's net profit (loss) from ordinary activities before income tax expense	-	(1,263,508)
Share of associate's income tax expense	-	-
Share of associate's net profit (loss) accounted for using the equity method	-	(1,263,508)
Share of post-acquisition accumulated profits attributable to associate		
Share of associate's accumulated profits at beginning of year	-	12,832
Share of associate's net profit (loss) accounted for using the equity method	-	(1,263,508)
Share of associate's accumulated profits (loss) at end of year	-	(1,250,676)
Movements in carrying amount of investments		
Carrying amount of investment in associate at beginning of year	-	2,173,432
Investment in associate acquired during the year	-	2,096,367
Share of associate's net profit (loss)	-	(1,263,508)
Share of associate's reserve increments (decrements)	-	-
Investment accounted for using the equity method	-	3,006,291
Commitments		
Share of associate's capital expenditure commitments contracted for at balance but not provided for and payable:		
• not later than one year	-	108,319
• later than one year and not later than five years	-	-
• later than five years	-	-
	-	108,319
Contingent liabilities		
Share of associate's contingent liabilities:		
• environmental bond	-	75,240
	-	75,240

The fair value of the investment in Jabiru Metals Limited at 30 June 2006 is $Nil (2005: $6,827,286).

12. Other Financial Assets

	Consolidated		Company	
	2006	2005	2006	2005
	$	$	$	$
Non-current				
Available for sale investment (a) (i)	4,683,750	-	4,683,750	-
In listed entities – at cost (a)(ii)	-	288,422	-	288,422
Less provision for diminution to market value	-	(168,654)	-	(168,654)
	4,683,750	119,768	4,683,750	119,768
Shares in controlled entity - at cost (b)	-	-	3,085,938	3,085,938
Less provision for diminution in value	-	-	(72,706)	(72,706)
	-	-	3,013,232	3,013,232
	4,683,750	119,768	7,696,983	3,133,000

(a) Securities in listed entities

(i) Deep Yellow Limited (ACN 006 391 948)

During the year the controlled entity disposed of mineral rights to uranium over its tenements to Deep Yellow Limited, in consideration for 30,000,000 ordinary fully paid shares in Deep Yellow Limited and $400,000.

At balance date, Tanami Gold held 38,700,000 shares in Deep Yellow Limited at market value. This shareholding represented approximately 6.17% (2005: Nil).

(ii) Glengarry Resources Limited

Investment held by Tanami Gold in Glengarry Resources Limited at the prior year balance date was disposed of in full during the year.

	Class of Shares	Beneficial Interest	2006	2005
			$	$
(b) Shares in controlled entity				
Tanami Exploration NL (Incorporated in WA)	Ordinary	100%	3,013,232	3,013,232

13. Property, Plant and Equipment

	Consolidated		Company	
	2006	2005	2006	2005
	$	$	$	$
Buildings at cost	90,000	90,000	-	-
Less: accumulated depreciation	(5,520)	(3,270)	-	-
	84,480	86,730	-	-
Plant and equipment at cost	1,646,004	1,498,978	-	-
Less: accumulated depreciation	(411,122)	(329,435)	-	-
	1,234,882	1,169,543	-	-
Motor vehicles at cost	618,540	550,608	-	-
Less: accumulated depreciation	(319,623)	(225,609)	-	-
	298,917	324,999	-	-
Furniture and fittings at cost	404,512	281,000	-	-
Less: accumulated depreciation	(207,759)	(129,156)	-	-
	196,753	151,844	-	-
Capital works in progress	16,664,198	-	-	-
Mine development costs	12,046,650	-	-	-
Total property, plant and equipment	30,525,880	1,733,116	-	-

13. Property, Plant and Equipment (continued)

Reconciliations

Reconciliations of carrying amounts for each class of property, plant and equipment are set out below:

	Consolidated 2006 $	Consolidated 2005 $	Company 2006 $	Company 2005 $
Buildings at cost				
Carrying amount at beginning of financial year	86,730	90,000	-	-
Additions	-	-	-	-
Depreciation	(2,250)	(3,270)	-	-
Carrying amount at end of financial year	84,480	86,730	-	-
Plant and equipment at cost				
Carrying amount at beginning of financial year	1,169,543	940,026	-	-
Additions	147,026	312,254	-	-
Depreciation	(81,687)	(82,737)	-	-
Carrying amount at end of financial year	1,234,882	1,169,543	-	-
Motor vehicles at cost				
Carrying amount at beginning of financial year	324,999	252,569	-	-
Additions	67,932	157,191	-	-
Disposals	-	(50,282)	-	-
Accumulated depreciation on disposals	-	50,282	-	-
Depreciation	(94,014)	(84,761)	-	-
Carrying amount at end of financial year	298,917	324,999	-	-
Furniture and fittings at cost				
Carrying amount at beginning of financial year	151,844	111,924	-	-
Additions	123,512	85,249	-	-
Depreciation	(78,603)	(45,329)	-	-
Carrying amount at end of financial year	196,753	151,844	-	-
Mine development – at cost				
Carrying amount at beginning of financial year	-	-	-	-
Additions	2,006,065	-	-	-
Transferred from exploration	10,040,585	-	-	-
Disposal	-	-	-	-
Amortisation	-	-	-	-
Carrying amount at end of financial year	12,046,650	-	-	-
Capital works in progress				
Carrying amount at beginning of financial year	-	-	-	-
Additions	16,739,359	-	-	-
Disposals	(75,161)	-	-	-
Carrying amount at end of year	-	-	-	-
	16,664,198	-	-	-
Total property plant and equipment at cost				
Carrying amount at beginning of financial year	1,733,116	594,519	-	-
Additions	19,083,894	1,354,694	-	-
Transfer from exploration	10,040,585	-	-	-
Disposals	(75,161)	(50,282)	-	-
Accumulated depreciation on disposals	-	50,282	-	-
Depreciation	(256,554)	(216,097)	-	-
Carrying amount at end of financial year	30,525,880	1,733,116	-	-

	Consolidated		Company	
	2006	2005	2006	2005
	$	$	$	$

14. Exploration, Evaluation and Development Expenditure

Exploration, evaluation and development costs carried forward in respect of areas of interest (net of amounts written off) (a)	891,765	11,356,007	-	-
(a) Reconciliation				
Carrying amount at the beginning of the year	11,356,007	23,377,174	-	-
Expenditure during the period	5,380,841	9,482,072	-	-
Expenditure written off	(5,804,498)	(21,503,239)	-	-
Development costs transferred to mine development (b)	(10,040,585)	-	-	-
	891,765	11,356,007	-	-

(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 wrote off expenditure totalling $5,804,498 (2005: $21,503,239).

(b) Costs relating to the development and acquisition of the Coyote Gold Project have been transferred to property, plant and equipment.

15. Interest-bearing Liabilities

The Consolidated Entity has no external borrowings at balance date. The prior year Tanami Gold NL repaid a $5 million bridging facility in full. The facility had enabled the funding of the final $5 million payment due to AngloGold Ashanti Australia Limited, for the acquisition of the Coyote Gold Project. The facility was secured by way of a fixed and floating charge over the assets and undertakings of Tanami Gold and Tanami Exploration NL which has since been discharged. Interest was charged at the bank's prime rate plus 2% per annum.

16. Trade and Other Payables

Current				
Trade creditors	14,496,011	912,692	-	-
Other creditors and accruals	172,144	701,727	-	279,534
	14,668,155	1,614,419	-	279,534

At 30 June 2006 an amount of $10,254,878 (2005 $Nil) is included in trade creditors relating to capital expenditure incurred by the Company's controlled entity as part of the development of the Coyote Gold Project.

17. Provisions

Current				
Employee entitlements	500,734	199,927	-	-
Other provisions	-	19,510	-	-
	500,734	219,437	-	-

The controlled entity had 26 equivalent full time employees as at 30 June 2006 (2005: 18).

Non-Current				
Site and mine restoration	869,527	148,000	-	-

Annual Leave

Annual leave that is expected to be settled within 12 months of the reporting date 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.

NOTES TO THE FINANCIAL STATEMENTS

17. Provisions (continued)

Site and mine restoration

In according 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(j) of the significant policies. The increase during the year represents provisions made.

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.

	Consolidated		Company	
	2006	2005	2006	2005
	$	$	$	$
18. Issued Capital				
Share capital				
487,888,902 (2005: 379,888,902) ordinary shares, fully paid	83,951,592	64,972,932	83,951,592	64,972,932
85,074,451 (2005: 85,074,451) contributing shares, issued at 20 cents each and paid to 1 cent each	831,490	831,490	831,490	831,490
	84,783,082	65,804,422	84,783,082	65,804,422
Movements in issued capital				
Balance at beginning of year	65,804,422	50,430,432	65,804,422	50,430,432
Shares issued				
- 108,000,000 (2005: 100,000,000) shares issued for cash	19,980,000	16,000,000	19,980,000	16,000,000
- Transaction costs arising from issues for cash	(1,001,340)	(626,010)	(1,001,340)	(626,010)
Balance at end of year	84,783,082	65,804,422	84,783,082	65,804,422

Shares issued for cash during the year:

In March 2006 the Company issued 108,000,000 (2005: 100,000,000) ordinary fully paid shares at an issue price of $0.185 (2005: $0.16) per share to raise $19,980,000 (2005: $16,000,000).

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.

Terms and conditions of contributing shares

Contributing shares rank equally in all respects with ordinary shares on issue. The contributing shares are a type of partly paid share and are paid to the extent of 5%. Accordingly, in the event of a poll being held at a shareholders' meeting, each contributing share has the equivalent of 5% of a vote.

The directors may make a call upon the contributing shareholders to pay the whole or portion of the balance of the issue price. A shareholder can elect to pay a call or the shares will be forfeited. In the event of winding up of the Company, all assets which may be legally distributed amongst the shareholders will be distributed in proportion to the shares held by them, irrespective of the amount paid up on a share. Contributing shareholders participate in dividends also irrespective of the amount paid up on a share.

Options

2,850,000 unquoted options were issued during the year comprising 2,850,000 options expiring on 22 November 2009.

5,650,000 options issued 30 November 1998 lapsed unexercised during the financial year.

At the end of the year there were 39,350,000 unissued ordinary shares in respect of which unquoted options were outstanding as follows:

Expiry Date	Type	Exercise Price	2006 Number	2005 Number
29 November 2005	Unquoted	$0.200	-	5,650,000
27 November 2008	Unquoted	$0.200	1,500,000	1,500,000
20 October 2009	Unquoted	$0.225	33,750,000	33,750,000
22 November 2009	Unquoted	$0.225	1,250,000	1,250,000
22 November 2009	Unquoted	$0.180	2,850,000	-
			39,350,000	42,150,000

19. Reserves

	Consolidated 2006 $	Consolidated 2005 $	Company 2006 $	Company 2005 $
Capital reserve	-	-	-	-
Available for sale reserves	1,740,021	-	1,740,021	-
	1,740,021	-	1,740,021	-

Nature and purpose of reserves

Capital Reserve

Upon disposal of revalued assets, any related revaluation increment standing to the credit of the asset revaluation reserve is transferred to the capital reserve.

Available for sale reserves

The available for sale reserve includes the cumulative net change in the fair value of available for sale investments until the investment is derecognised. Upon disposal of assets held for sale, any related revaluation increment is transferred to realised gains/(losses) on disposal of assets and recognised in the income statement.

20. Accumulated Losses

	Consolidated 2006 $	Consolidated 2005 $	Company 2006 $	Company 2005 $
Accumulated losses at the beginning of the year	(49,755,941)	(25,532,538)	(49,755,941)	(25,545,370)
Reserves transferred	-	95,906	-	95,906
Net profit/(loss) for year	(4,438,094)	(24,319,309)	(4,438,094)	(24,306,477)
Share based payments	86,940	-	86,940	-
Accumulated losses at the end of the year	(54,107,095)	(49,755,941)	(54,107,095)	(49,755,941)

21. Contingent Liabilities

(a) Department of Industry & Resources

Performance Bonds totalling $1,321,001 (2005: $154,500) 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 $1,321,001 (2005: $126,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

22. 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 amount to $2,320,575 per annum (2005: $3,298,125).

(b) Financial support to subsidiary

Tanami Gold 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 Waddell for his services as Executive Chairman. Under the contract, a termination notice period of twelve months is required, which, based on current remuneration rates, would amount to a termination payment of $463,000 (2005: $463,000).

(d) Operating lease commitments

	Consolidated		Company	
	2006	2005	2006	2005
	$	$	$	$
Future operating lease rentals for premises not provided for in the financial statements and payable:				
Not later than one year	109,088	129,979	109,088	129,979
Later than one year but not later than five years	-	72,103	-	72,103
	109,088	202,082	109,088	202,082

23. Employee Benefits

Equity Plans

(i) Directors' options

2006

No options were issued to directors during the financial year.

2005

33,750,000 options with an expiry date of 20 October 2009 were granted on 20 October 2004. The terms and conditions of exercising those options at $0.225 are incentive based in that the right to exercise the 15,000,000 options each for Messrs Comb and Waddell and 3,750,000 for Mr Kavanagh require the attainment of a volume weighted average share price on the ASX of $0.25 or more for 30 consecutive trading days.

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.

No amounts have been recognised in the financial statements of the Company in relation to share options and no options have been exercised in the financial year.

Grant Date	Exercise date on or after	Expiry date	Exercise price	Number of options at beginning of year	Options expired	Number of options at 30 June 2006 On issue	Number of options at 30 June 2006 Vested
30 Nov 1998	30 Nov 1998	29 Nov 2005	$0.200	5,300,000	(5,300,000)	-	-
27 Nov 2003	27 Nov 2003	27 Nov 2008	$0.200	1,500,000	-	1,500,000	1,500,000
20 Oct 2004	20 Oct 2004	20 Oct 2009	$0.225	33,750,000	-	33,750,000	33,750,000

(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 - the "Qualifying Period" but limited to a cumulative percentage of 33⅓% of the options granted in the first 12 months after the end of the Qualifying Period and to a cumulative percentage of 66⅔% of the options granted in the second 12 months after the end of the Qualifying Period. The options granted during the financial year vest after two years.

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 (i)	Options expired (ii)	Number of options at 30 June 2006 On issue	Vested
1 Dec 2005	1 Dec 2007	22 Nov 2009	$0.18	1,600,000	2,850,000	(350,000)	4,100,000	1,250,000

(i) Valuation of Options

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

- Grant date 1 December 2005
- Exercise date 22 November 2009
- Exercise price $0.18
- Interest rate 5.50%
- Volatility 50%

The options are valued at $0.13 each.

(ii) Options Expired

During the financial period 350,000 options lapsed unexercised.

Options Forfeited

No options were forfeited during the financial year.

24. Key Management Personnel Disclosures

(a) Details of Directors

(i) Specified Directors

Denis Waddell (Executive Chairman) (appointed July 1995)

Gary Comb (Non-Executive Director) (appointed July 1995)

Martin Kavanagh (Non-Executive Director) (appointed July 1995)

(ii) Specified Executives

Christopher Mardon (General Manager Operations) (appointed September 2004)

Tim Smith (Exploration Manager) (appointed July 2003)

John Traicos (Manager–Commercial & Legal and Company Secretary) (appointed November 2005)

Mark Churchward (former Chief Financial Officer) (appointed March 2005, resigned October 2005)

(b) Remuneration of key management personnel

(i) Individual director's and executive's compensation disclosures

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

Apart from the details disclosed in this note, no director has entered into a material contract with the Company or the Consolidated Entity since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

(c) Equity holdings

No directors' options were issued or exercised during the year.

24. Key Management Personnel Disclosures (continued)

Shareholdings of directors – number of shares in Tanami Gold

2006

Ordinary fully paid shares	Balance 1 July 2005	Granted as Remuneration	On Market Purchases	Balance 30 June 2006
Directors				
D Waddell	4,435,001	-	1,610,022	6,045,023
G Comb	1,058,299	-	-	1,058,299
M Kavanagh	83,750	-	100,000	183,750
Other Key Management Personnel				
C Mardon	-	-	-	-
T Smith	-	-	-	-
J Traicos	-	-	300,000	300,000
M Churchward	-	-	-	-
Total	5,577,050	-	2,010,022	7,587,072

Contributing shares	Balance 1 July 2005	Granted as Remuneration	Net Change Other	Balance 30 June 2006
Directors				
D Waddell	8,612,501	-	-	8,612,501
G Comb	8,399,596	-	-	8,399,596
M Kavanagh	3,023,750	-	-	3,023,750
Other Key Management Personnel				
C Mardon	-	-	-	-
T Smith	-	-	-	-
J Traicos	-	-	-	-
M Churchward	-	-	-	-
Total	20,035,847	-	-	20,035,847

Options	Balance 1 July 2005	Granted as Remuneration	Options Expired	Balance 30 June 2006
Directors				
D Waddell	18,500,000	-	(3,500,000)	15,000,000
G Comb	17,300,000	-	(800,000)	16,500,000
M Kavanagh	4,750,000	-	(1,000,000)	3,750,000
Other Key Management Personnel				
C Mardon	250,000	250,000	-	500,000
T Smith	400,000	300,000	-	700,000
J Traicos	-	300,000	-	300,000
M Churchward	-	-	-	-
Total	41,200,000	850,000	(5,300,000)	36,750,000

2005

Ordinary fully paid shares	Balance 1 July 2004	Granted as Remuneration	On Market Purchases	Balance 30 June 2005
Directors				
D Waddell	3,435,001	-	1,000,000	4,435,001
G Comb	1,058,299	-	-	1,058,299
M Kavanagh	83,750	-	-	83,750
Other Key Management Personnel				
C Mardon	-	-	-	-
T Smith	-	-	-	-
J Traicos	-	-	-	-
M Churchward	-	-	-	-
Total	4,577,050	-	1,000,000	5,577,050

Contributing shares	Balance 1 July 2004	Granted as Remuneration	Net Change Other	Balance 30 June 2005
Directors				
D Waddell	8,612,501	-	-	8,612,501
G Comb	8,399,596	-	-	8,399,596
M Kavanagh	3,023,750	-	-	3,023,750
Other Key Management Personnel				
C Mardon	-	-	-	-
T Smith	-	-	-	-
J Traicos	-	-	-	-
M Churchward	-	-	-	-
Total	20,035,847	-	-	20,035,847

Options	Balance 1 July 2004	Granted as Remuneration	Options Expired	Balance 30 June 2005
Directors				
D Waddell	3,500,000	15,000,000	-	18,500,000
G Comb	2,300,000	15,000,000	-	17,300,000
M Kavanagh	1,000,000	3,750,000	-	4,750,000
Other Key Management Personnel				
C Mardon	-	250,000	-	250,000
T Smith	200,000	200,000	-	400,000
J Traicos	-	-	-	-
M Churchward	-	-	-	-
Total	7,000,000	34,200,000	-	41,200,000

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.

(e) 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.

24. Key Management Personnel Disclosures (continued)

(e) Other transactions with the Company or its controlled entities (continued)

The aggregate amounts recognised during the year relating to specified director related entities, totalled $37,466 (2005: $86,659). Details of the transactions are as follows:

Specified directors	Transaction	Note	2006 $	2005 $
M Kavanagh	Technical consultancy fees	(i)	37,466	86,659

(i) The Company engaged the services of KEM Resources, a company associated with Mr Kavanagh, to provide geological services during the year. Amounts were billed based on market rates for such services, and were due and payable under normal payment terms.

25. 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 12. 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 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.

Other Transactions

The Company charges the controlled entity a management fee for services provided. The fee is in the normal course of business.

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 $72,989,544 (2005: $52,463,059). Refer Note 9.

Associate

2006

The shareholding in Jabiru Metals Limited was sold during the year.

From time to time, the Company may purchase various goods and services which are subsequently used by Jabiru, and vice versa. The entities also shared facilities such as leased premises and administrative overheads for part of the financial year. Charges are raised to reimburse costs incurred on behalf of each other.

2005

The shareholding in Jabiru was increased during the year by 12.3 million shares at 17 cents each ($2.1 million) to a total holding at balance date of 29.7 million shares which represented an interest of 17.1% in Jabiru. The placement by Jabiru was made in order to fund ongoing exploration and to continue the feasibility study of Jabiru's high grade base metal Jaguar Project located 60 kilometres NNW of Leonora.

The Company entered into an arrangement with Jabiru to provide a short-term loan facility of up to $1,000,000 based on commercial terms. The facility was drawn to $300,000 and was subsequently repaid in full, together with interest payable.

Jabiru also entered into an arrangement with the Company to provide a short-term loan facility of up to $1,000,000, based on commercial terms. The facility was fully drawn and was subsequently repaid by the Company in full, together with interest payable.

From time to time, the Company may purchase various goods and services which are subsequently used by Jabiru, and vice versa. The entities also share facilities such as leased premises and administrative overheads. Charges are raised to reimburse costs incurred on behalf of each other.

26. Interest in Joint Ventures

Current joint venture equities are as follows:

Joint Ventures	Managers	Interest	Principal Activity
Mt Solitary	Tanami Gold NL	Earning 60% (2005: 60%)	Gold Exploration
Yuendumu	Tanami Gold NL	Earning 88% (2005: 80%)	Gold Exploration

Included in the assets and liabilities of the Consolidated Entity are the following items, which represent the Consolidated Entity's interest in the assets and liabilities employed in the above joint ventures:

	2006	2005
	$	$
Non-Current Assets		
Exploration and evaluation expenditure	-	701,166

27. Segment Information

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

28. Loss per Share

	2006	2005
	Number of shares	
Weighted average number of ordinary shares used as the denominator in the calculation of basic earnings per share	493,368,832	341,453,584

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, and not shown. The number of potential ordinary shares is set out in Note 18.

29. Notes to the Statement of Cash Flows

(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:

	Consolidated		Company	
	2006	2005	2006	2005
	$	$	$	$
Cash assets	7,898,071	981,669	7,633,097	918,473

(b) Reconciliation of net cash flow from operating activities to net loss

	Consolidated 2006	Consolidated 2005	Company 2006	Company 2005
Net loss	(4,438,094)	(24,319,309)	(4,438,094)	(24,306,477)
Add/(less) non-cash items:				
Exploration expenditure written off	5,804,098	21,503,239	-	-
Provision for non-recovery of loan	-	-	11,451,278	24,368,978
Depreciation	256,554	216,098	-	-
Share of associate's net loss/(profit)	-	1,263,508	-	-
Inter-entity cost reallocation	-	-	-	470,767
Write off of expired options over listed shares	-	22,179	-	22,179
Provision for diminution of investment	1,893,002	17,744	1,893,002	17,744
Inventory written down	3,908,787	-	-	-
Share based payments	86,940	-	86,940	-
Add/(less) items classified as investing/financing activities:				
Gain on disposal of fixed assets	(75,161)	(500)	-	-
Gain on disposal of investments	(9,806,017)	-	(8,458,084)	-
Net cash (used in)/provided by operating activities before changes in assets and liabilities	(2,369,891)	(1,297,041)	535,042	573,191

	Consolidated		Company	
	2006	2005	2006	2005
	$	$	$	$
29. Notes to the Statement of Cash Flows (continued)				
(b) Reconciliation of net cash flow from operating activities to net loss (continued)				
Changes in assets and liabilities during the financial year:				
Increase in capitalised exploration expenditure	(5,610,900)	(9,334,072)	-	-
(Increase) / Decrease in receivables	(224,220)	(129,589)	15,442	(21,319)
(Increase) / Decrease in inventories	(1,427,067)	24,003	-	-
Increase in prepayments	(7,281)	(14,545)	-	-
Increase in provisions	319,819	143,527	-	-
(Decrease) / Increase in payables	550,369	(61,140)	(279,534)	279,534
Net cash provided by/(used in) operating activities	**(8,769,171)**	**(10,668,857)**	**270,950**	**831,406**

(c) Non-cash investing and financing activities

2005

On 16 January 2004, Tanami Gold issued 25,000,000 ordinary fully paid shares at an issue price of 20 cents per share to AngloGold Ashanti Australia Ltd (AngloGold Ashanti) as part consideration for the acquisition of the Western Tanami Project. This $5 million consideration to AngloGold Ashanti was treated as a loan from Tanami Gold to Tanami Exploration NL. The transaction is not reflected in the statements of cash flows.

2006

During the year the Company sold uranium rights on some of its tenements to Deep Yellow Limited. The non-cash consideration of this transaction was $4,346,250 settled in shares in Deep Yellow Limited.

30. Financial Instruments Disclosure

(a) Interest Rate Risk Exposure

Cash includes funds held in term deposits and in cheque and business management accounts, which during the year earned interest at rates ranging between 0% and 5.5% (2005: 0% and 5.57%), depending on account balances.

Interest-bearing liabilities comprised a bank loan which attracted interest during the prior year at 7.52%.

All other financial assets and liabilities are non-interest bearing.

(b) Credit Risk Exposures

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The credit risk on financial assets of the Consolidated Entity which have been recognised in the statement of financial position is the carrying amount, net of any provision for doubtful debts.

The Consolidated Entity's exposure to credit risk arises primarily from the mining industry.

The Consolidated Entity is not materially exposed to any individual overseas country or individual customer.

(c) Net Fair Values

The financial assets and liabilities included in assets and liabilities in the balance sheet are carried at amounts that approximate net fair values except for the investment in Jabiru – refer Note 11.

31. Events Subsequent to Balance Date

Operations Director Appointed

On 7 July 2006 the Company announced the appointment of Frank Sibbel as the Company's Director of Operations.

Share Placements

On 18 July 2006 the Company announced it had raised $15,000,000 through the placement of 60,000,000 shares at an issue price of $0.25 per share. The funds raised were for the development of the Coyote Gold Project, exploration and working capital.

On 26 September 2006 the Company announced it had reached agreement in-principle with Hartleys Limited to raise $10,000,000 through the placement of 50,000,000 shares at an issue price of $0.20 per share. The funds raised were for the development of the Coyote Gold Project, exploration and working capital.

Sale of Deep Yellow Shares

On 12 September 2006 the Company announced it had sold 15,000,000 shares in Deep Yellow Limited for proceeds totalling $2,088,450 which are to be used for working capital.

Other than the matters noted above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, in future financial years.

32. Explanation of Transition to AIFRS

As stated in Note 1(a), these are the Consolidated Entity's first consolidated financial statements prepared in accordance with Australian Accounting Standards – AIFRSs.

The accounting policies in Note 1 have been applied in preparing the consolidated financial statements for the year ended 30 June 2006, the comparative information for the year ended 30 June 2005, and the preparation of an opening AIFRS balance sheet at 1 July 2004 (the Consolidated Entity's date of transition).

In preparing its opening AIFRS balance sheet and financial statements for the year ended 30 June 2006, the Consolidated Entity has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (previous GAAP).

An explanation of how the transition from previous GAAP to AIFRSs has affected the Consolidated Entity's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Reconciliation of equity		**Previous GAAP**	**Effect of transition to AIFRSs**	**AIFRSs**	**Previous GAAP**	**Effect of transition to AIFRSs**	**AIFRSs**
CONSOLIDATED	**Note**		**1 July 2004**			**30 June 2005**	
Assets							
Cash and cash equivalents		4,727,098	-	4,727,098	981,669	-	981,669
Inventories		70,027	-	70,027	46,024	-	46,024
Receivables		412,411	-	412,411	545,647	-	545,647
Financial asset held for sale	*a*	-	-	-	-	3,006,291	3,006,291
Total current assets		5,209,536	-	5,209,536	1,573,340	3,006,291	4,579,631
Receivables		230,917	-	230,917	241,815	-	241,815
Investments accounted for using the equity method	*a*	2,173,432	-	2,173,432	3,006,291	(3,006,291)	-
Other financial assets		159,691	-	159,691	119,768	-	119,768
Property, plant and equipment		594,519	-	594,519	1,733,116	-	1,733,116
Exploration evaluation & development	*b*	23,377,174	-	23,377,174	11,208,007	148,000	11,356,007
Total non-current assets		26,535,733	-	26,535,733	16,308,997	(2,858,291)	13,450,706
Total assets		31,745,269	-	31,745,269	17,882,337	148,000	18,030,337

NOTES TO THE FINANCIAL STATEMENTS

32. Explanation of Transition to AIFRS (continued)

Reconciliation of equity		**Previous GAAP**	**Effect of transition to AIFRSs**	**AIFRSs**	**Previous GAAP**	**Effect of transition to AIFRSs**	**AIFRSs**
CONSOLIDATED (continued)	**Note**		**1 July 2004**			**30 June 2005**	
Liabilities							
Current Liabilities							
Interest bearing liabilities		5,000,000	-	5,000,000	-	-	-
Payables		1,675,559	-	1,675,559	1,614,419	-	1,614,419
Provisions		75,910	-	75,910	219,437	-	219,437
Total current liabilities		6,751,469	-	6,751,469	1,833,856	-	1,833,856
Non-Current Liabilities							
Provisions		-	-	-	-	148,000	148,000
Total Non-Current Liabilities		-	-	-	-	148,000	148,000
Total liabilities		6,751,469	-	6,751,469	1,833,856	148,000	1,981,856
Net assets		**24,993,800**	**-**	**24,993,800**	**16,048,481**	**-**	**16,048,481**
Equity							
Contributed equity		50,430,432	-	50,430,432	65,804,422	-	65,804,422
Reserves		95,906	-	95,906	-	-	-
Accumulated losses		(25,532,538)	-	(25,532,538)	(49,755,941)	-	(49,755,941)
Total equity		**24,993,800**	**-**	**24,993,800**	**16,048,481**	**-**	**16,048,481**
COMPANY							
Assets							
Cash and cash equivalents		42,439	-	42,439	918,473	-	918,473
Receivables	a	-	-	-	21,319	-	21,319
Financial assets held for sale		-	-	-	-	4,256,968	4,256,968
Inventories		-	-	-	-	-	-
Total current assets		42,439	-	42,439	939,792	4,256,968	5,196,760
Receivables		19,605,006	-	19,605,006	7,998,255	-	7,998,255
Investments accounted for using the equity method		-	-	-	-	-	-
Other financial assets	a	5,333,523	-	5,333,523	7,389,968	(4,256,968)	3,133,000
Property, plant and equipment		-	-	-	-	-	-
Exploration evaluation & development		-	-	-	-	-	-
Total non-current assets		24,938,529	-	24,938,529	15,388,223	(4,256,968)	11,131,255
Total assets		24,980,968	-	24,980,968	16,328,015	-	16,328,015
Liabilities							
Interest bearing liabilities		-	-	-	-	-	-
Payables		-	-	-	279,534	-	279,534
Provisions		-	-	-	-	-	-
Total current liabilities		-	-	-	-	-	-
Total liabilities		-	-	-	279,534	-	279,534
Net assets		**24,980,968**	**-**	**24,980,968**	**16,048,481**	**-**	**16,048,481**
Equity							
Contributed equity		50,430,432	-	50,430,432	65,804,422	-	65,804,422
Reserves		95,906	-	95,906	-	-	-
Accumulated losses		(25,545,370)	-	(25,545,370)	(49,755,941)	-	(49,755,941)
Total equity		**24,980,968**	**-**	**24,980,968**	**16,048,481**	**-**	**16,048,481**

a) Under AIFRS, assets held for sale are classified as current and recognised at the lower of its carrying value or fair value less costs to sell. Accordingly, the Consolidated Entity has reclassified its investment in Jabiru as an asset held for sale rather than an investment in an associate. The asset is reclassified as held for sale as the carrying amount will be recovered through a sale transaction rather than continued use, and the asset is available for immediate sale in its current condition with the sale being highly probable. The carrying value in the Consolidated Entity differs to the Company due to the recognition of past losses arising from the equity method of accounting.

b) Under IFRS the present value of restoration obligations is recognised at commencement of the mining project where a legal or constructive obligation exists at that time. The provision is recognised as a non-current liability with a corresponding asset recognised. The provision recognised relates to exploration activities.

Explanation of material adjustments to the income statement for 2005

There are no material differences between the income statement presented under AIFRS and the income statement presented under previous GAAP.

Explanation of material adjustments to the cash flow statement for 2005

There are no other material differences between the cash flow statement presented under AIFRS and the cash flow statement presented under previous GAAP.

33. Change in Accounting Policy

Reconciliation of financial instruments as if AASB 139 was applied at 1 July 2005

In the current financial year the Consolidated Entity adopted AASB 132: *Financial Instruments: Disclosure and Presentation* and AASB 139: *Financial Instruments: Recognition and Measurement*. This change in accounting policy has been adopted in accordance with the transition rules contained in AASB 1, which does not require the restatement of comparative information for financial instruments within the scope of AASB 132 and AASB 139.

The adoption of AASB 139 has resulted in the Consolidated Entity recognising available-for-sale investments as assets or liabilities at fair value.

The impact on the balance sheet in the comparative period is set out below as a re-classification. The transitional provisions will not have any effect in future reporting periods.

Application of AASB 132 and AASB 139 prospectively from 1 July 2005

	Note	**Previous GAAP**	**Impact of change in accounting policy**	**AIFRSs**
Other financial assets	*a*	119,768	(119,768)	-
Available for sale financial assets	*a*	-	119,768	119,768

a) Under previous GAAP investments in listed entities were classified as other financial assets. Under AASB 139 these have been re-classified as available for sale financial assets – refer to Note 1 (l).

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2006

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

1. the financial statements and notes (including the remuneration disclosures that are contained in sections 13.1, 13.2 and 13.4 of the Remuneration Report in the Directors' Report), set out on pages 28 to 59, 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 2006 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 remuneration disclosures that are contained in sections 13.1, 13.2 and 13.4 of the Remuneration report in the Directors' report comply with Australian Accounting Standard AASB 124 Related Party Disclosures and Corporations Regulations 2001.

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 for the financial year ended 30 June 2006.

Dated at West Perth this 29th day of September 2006.

Signed in accordance with a resolution of the Directors.

D Waddell
Executive Chairman

AUDITOR'S INDEPENDENT AUDIT REPORT

KPMG

Independent audit report to members of Tanami Gold NL

Scope

The financial report, remuneration disclosures and directors' responsibility

The financial report comprises the income statements, statements of changes in equity, balance sheets, statements of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Tanami Gold NL (the "Company") and Tanami Gold NL and its Controlled Entities (the "Consolidated Entity") for the financial year ended 30 June 2006. The Consolidated Entity comprises both the Company and the entities it controlled during that year.

As permitted by the Corporations Regulations 2001, the Company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), required by Australian Accounting Standard AASB 124 *Related Party Disclosures*, under the heading "Remuneration report" in sections 13.1, 13.2 and 13.4 of the directors' report and not in the financial report.

The Remuneration report also contains information in 13.3 and 13.5 not required by Australian Accounting Standard AASB 124 which is not subject to our audit.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The directors are also responsible for preparing the relevant reconciling information regarding the adjustments required under the Australian Accounting Standard AASB 1 *First-time Adoption of Australian equivalents to International Financial Reporting Standards*. The directors are also responsible for the remuneration disclosures contained in the directors' report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement and that the remuneration disclosures comply with AASB 124. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Australian Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's and the Consolidated Entity's financial position, and of their performance as represented by the results of their operations and cash flows and whether the remuneration disclosures comply with Australian Accounting Standard AASB 124.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

AUDITOR'S INDEPENDENT AUDIT REPORT

KPMG

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Audit opinion

In our opinion:

(1) the financial report of Tanami Gold NL is in accordance with:

a) the *Corporations Act 2001*, including:

i) giving a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2006 and of their performance for the financial year ended on that date; and;

ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia; and

(2) the remuneration disclosures that are contained in sections 13.1, 13.2 and 13.4 of the remuneration report in the directors' report comply with Australian Accounting Standard AASB 124 *Related Party Disclosures*.

KPMG

KPMG

DMcComish

D P McCOMISH
Partner

Perth
29 September 2006

SHAREHOLDER INFORMATION

Distribution of Equity Securities as at 29 September 2006:

Number of Securities Held			Ordinary Shares	Contributing Shares
1	–	1,000	116	83
1,001	–	5,000	739	186
5,001	–	10,000	672	81
10,001	–	100,000	1,798	137
100,001	and	over	412	90
Total number of holders			3,737	577

Holders of less than a marketable parcel as at 29 September 2006:

- Ordinary Shares – 352 (488,129 shares)
- Contributing Shares – 278 (754,342 shares)

Substantial Shareholders as at 29 September 2006

The details of substantial shareholders as set out in notices given to the Company are:

- JP Morgan Asset Management (UK) Limited – 38,256,886 Ordinary Shares

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.	Westpac Custodian Nominees Limited	97,553,456	17.81%
2.	JP Morgan Nominees Australia Limited	66,319,886	12.10%
3.	ANZ Nominees Limited	42,082,053	7.68%
4.	National Nominees Limited	38,219,026	6.98%
5.	HSBC Custody Nominees (Australia) Limited	20,750,634	3.79%
6.	Leon Eugene Pretorius	14,000,000	2.56%
7.	Chanrich Properties Pty Ltd	7,787,056	1.42%
8.	Perth Select Seafoods Pty Ltd	6,000,000	1.10%
9.	Green-McCahill Properties Limited	5,856,000	1.07%
10.	Challenger Trading Corp Limited	5,550,000	1.01%
11.	Yandal Investments Pty Ltd	5,000,000	.91%
12.	Tarney Holdings Pty Ltd	4,685,023	.86%
13.	Citicorp Nominees Pty Limited	4,643,334	.85%
14.	Ravina Ltd	3,000,000	.55%
15.	Apache Investments Limited	3,000,000	.55%
16.	CS Third Nominees Pty Ltd	2,711,163	.49%
17.	Jemaya Pty Ltd	2,694,018	.49%
18.	Newport Securities Pty Ltd	2,500,000	.46%
19.	Jasmine Kailis	2,400,000	.44%
20.	Jemaya Pty Ltd <JH Featherby Super Fund A/C>	2,000,000	.37%
	TOP 20 TOTAL	**336,751,649**	**61.49%**

SHAREHOLDER INFORMATION

Contributing Shares issued at 20 cents per share and paid to 1 cent each

	Holder	Units Held	% of Units Issued
1.	Chanrich Properties Pty Ltd	9,014,142	10.60%
2.	Tarney Holdings Pty Ltd	7,212,501	8.48%
3.	Bluedale Pty Ltd	5,899,596	6.93%
4.	Citicorp Nominees Pty Limited	4,358,973	5.12%
5.	Conway Bay Pty Ltd	2,523,750	2.97%
6.	Bluedale Pty Ltd	2,500,000	2.94%
7.	Clodene Pty Ltd	2,221,002	2.61%
8.	Green-McCahill Properties Limited	2,088,000	2.45%
9.	Westpac Custodian Nominees Limited	2,000,000	2.35%
10.	JP Morgan Nominees Australia Limited	2,000,000	2.35%
11.	Faustus Nominees Pty Ltd	1,799,951	2.12%
12.	Tricom Nominees Pty Ltd	1,753,500	2.06%
13.	Fortis Clearing Nominees Pty Ltd	1,750,188	2.06%
14.	Francine Louise Waddell	1,500,000	1.76%
15.	Bell Potter Nominees Limited	1,500,000	1.76%
16.	Newport Securities Pty Ltd	1,450,000	1.70%
17.	Denis Patrick & Francine Louise Waddell	1,400,000	1.65%
18.	Jemaya Pty Ltd	1,089,561	1.28%
19.	RP & DJ Hansen Pty Ltd	1,038,000	1.22%
20.	Menio Papaklonaris	1,000,000	1.18%
	TOP 20 TOTAL	**54,099,164**	**63.59%**

SCHEDULE OF MINERAL TENEMENTS

WESTERN AUSTRALIA WA (TGNL 100%)		Granted From	Expiry Date	Blocks
E80/1481*	Balwina	05/10/93	04/10/06	24
E80/1482#	Watts Rise	16/04/92	15/04/05	6
E80/1483	Bold Hill	16/04/92	15/04/07	32
E80/1526 [1]	Tent Hill	03/12/93	02/12/06	70
E80/1677	Slatey Creek	15/03/94	14/03/07	32
E80/1678	Drumway	15/03/94	14/03/07	30
E80/1679	Southside	15/03/94	14/03/07	30
E80/1735 [1]	Slatey Creek	15/03/94	14/03/07	35
E80/1737	Camel Hump	22/03/94	21/03/07	28
E80/1738*	Lewis	09/05/94	08/05/06	53
E80/1905* [1]	Bald Hill Central	06/09/94	05/09/06	58
E80/1976 [1]	Watts Rise	21/10/94	20/10/06	70
E80/1986 [1]	Bramall Hills	21/10/94	20/10/06	50
E80/2036 [1]	Bald Hill North	17/02/95	16/02/07	8
E80/2091 [1]	Watts Rise East	31/10/95	30/10/06	62
E80/2133	Killi Killi Hills	11/08/04	10/08/09	24
E(A)80/2214	Little Afghan	Application		1
E80/2390	Killi Killi South	19/10/00	18/10/06	52
E80/2453	Gardner	19/10/00	18/10/06	4
E80/2509	Watts Rise South	19/10/00	18/10/07	24
E80/2513	Leghorn	19/10/00	18/10/06	3
E80/2515	Buggsy	19/10/00	18/10/06	31
E80/3237	Afghan Northwest	11/11/05	10/11/10	1
E80/3238	Afghan	29/12/04	28/12/09	8
E80/3275	Mt Junction	11/11/05	10/11/10	54
E80/3334	Mulgara	13/04/05	12/04/10	67
E80/3378	Tent Hill East	20/02/06	19/02/11	10
E80/3379	Bramall Hills East	03/02/06	02/02/11	3
E80/3387	Sweetpea	15/05/06	14/05/11	70
E80/3388	Olive	15/05/06	14/05/11	70
E80/3389	Popeye	15/05/06	14/05/11	70
E80/3593	Lewis West	Application		70
E80/3594	Lewis Central	Application		70
E80/3595	Lewis East	Application		70
E80/3665	Border	Application		28
M80/559	Coyote 1	27/09/05	26/09/26	996 hectares
M80/560	Coyote 2	27/09/05	26/09/26	997 hectares
M80/561	Coyote 3	27/09/05	26/09/26	988 hectares
M80/562 [1]	Bald Hill 1	02/12/05	01/12/26	990 hectares
M80/563 [1]	Bald Hill 2	02/12/05	01/12/26	975 hectares
M80/564 [1]	Bald Hill 3	02/12/05	01/12/26	990 hectares
M(A)80/577	Camel	Application		-
M(A)80/578	Hutch's Find North	Application		-
M(A)80/579	Hutch's Find South	Application		-
M(A)80/609	Watts Rise North	Application		-
M(A)80/610	Watts Rise South	Application		-

SCHEDULE OF MINERAL TENEMENTS

WESTERN AUSTRALIA WA (TGNL 100%)		Granted From	Expiry Date	Blocks
M(A)80/611	Lewis West	Application		-
M(A)80/612	Lewis East	Application		-
P(A)80/1561	Balwina West	Application		166 hectares
P(A)80/1561	Balwina East	Application		166 hectares
WESTERN AUSTRALIA TOTAL				**4,279 km²**

* Licence continue in force subject to mining lease applications
* Extension of term applied for.
¹ Subject to royalty/claw back agreement with Barrick Gold of Australia Ltd.

NORTHERN TERRITORY

EASTERN TANAMI PROJECTS (TGNL 100%)

EL5888	Supplejack	22/08/02	21/08/08	77
EL5889	Birrindudu	22/08/02	21/08/08	99
EL8591	Browns Dome	11/06/02	10/06/08	60
EL8809	North Breaden	17/10/02	16/10/08	25
EL10139	SW Pargee	17/10/02	16/10/08	55
EL10307	Blip	24/05/01	23/05/07	1
EL10308	Calypso	24/05/01	23/05/07	12
EL22846	Stake Range West	08/08/01	07/08/07	4
EL22965	Bluebush	13/02/03	12/02/09	68
EL23472	Birrindudu Two	28/01/03	27/01/09	62
EL(A)23523	Supplejack North	Application		120
EL(A)25194	Mongrel Fault	Application		34
EL8741	Apertawonga South	23/03/01	22/03/07	4
EL(A)8762	Winnecke	Application		100
EL8817	Pedestal Hills	23/03/01	22/03/07	5
EL8845	Lake Buck	23/03/01	22/03/07	22
EL(A)8848	Lake Talbot	Application		58
EL9269	MacFarlanes Peak	23/03/01	22/03/07	7
EL9474	Farrands Hill	23/03/01	22/03/07	5
EL9475	Mt Charles East	23/03/01	22/03/07	26
EL9777	Monitor	11/06/02	10/06/08	11

TANAMI-ARUNTA PROJECTS

LAKE RUTH (TGNL 100%)

MCS(A)233/4	Lake Ruth	Application		80 hectares
EL8824	Officer Hill	23/03/01	22/03/07	40
EL9295	Mongrel Downs	23/03/01	22/03/07	5
EL9616	Tin Can	23/03/01	22/03/07	3
EL10222	Pelsart	22/05/02	21/05/08	89
EL10223	Cornelius	22/05/02	21/05/08	377
EL(A)25191	Lake Ruth	Application		83
EL(A)25192	Tanami Downs	Application		110

CHILLA WELL PROJECT (TGNL 100%)

EL(A)23641	Singleton North	Application		203
EL(A)24139	Wild Car Bore	Application		434
EL(A)24140	Lone Rock	Application		434
EL(A)24141	Yurundju Hill	Application		435

TANAMI-ARUNTA PROJECTS		Granted From	Expiry Date	Blocks
WALKELEY PROJECT (TGNL 100%)				
EL(A)22554	Stud Holme	Application		500
EL(A)22555	Walkeley	Application		500
EL(A)23487	Lander	Application		178
EL(A)23488	Mt Barkly	Application		76
EL(A)23926	Ngadiri	Application		487
EL(A)23927	Yinabalbu	Application		486
LAKE MACKAY PROJECTS				
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
LAKE MACKAY (TGNL 100%)				
EL(A)8695	Sandford Cliffs	Application		433
EL8696	Redvers	22/08/02	21/08/08	233
EL8697	Redvers North	22/08/02	21/08/08	28
EL(A)9343	Egerton	Application		42
EL9442	Superior	22/08/02	21/08/08	128
EL9449	Victoria	22/08/02	21/08/08	69
EL(A)10305	McEwin Hills	Application		26
EL(A)23964	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)24949	Huron	Application		448
EL(A)25630	Caspian	Application		373
EL(A)25632	Jordan	Application		264
MT DOREEN PROJECT (TGNL 100%)				
EL 23925	Atlee Creek	19/02/04	18/02/10	153
EL(A)23968	Rock Hill	Application		333
YUENDUMU JOINT VENTURE (TGNL 80%)				
EL8434	Nicker	18/04/00	17/04/08	57
CENTRAL AUSTRALIAN PROJECTS				
ALCOOTA PROJECT (TGNL 100%)				
EL9804	Waite River	28/10/02	27/10/08	18
EL9806	Delmore Downs	18/11/02	17/11/08	126
EL9836	Bangtail Bore	13/08/03	12/08/09	30
EL22924	Delny	23/12/02	22/12/08	110
EL(A)24119	Ledan Peak	Application		114
HOME OF BULLION PROJECT (TGNL 100%)				
EL10050	Millionaire's Well	06/02/03	05/02/09	10
EL23122	Krakatoa	06/02/03	05/02/09	172

SCHEDULE OF MINERAL TENEMENTS

CENTRAL AUSTRALIAN PROJECTS		Granted From	Expiry Date	Blocks
HUCKITTA PROJECT (TGNL 100%)				
EL23636	Yam Creek	26/05/03	25/05/09	30
EL23637	Mt Baldwin	11/04/03	10/04/09	34
EL24454	Pulpit	15/06/05	14/06/11	303
NAPPERBY PROJECT (TGNL 100%)				
EL23483	Mt Judith	23/12/02	22/12/08	75
REYNOLDS RANGE PROJECT (TGNL 100%)				
EL23923	Mt Treachery	01/06/04	31/05/10	372
EL23924	Anmatjira	01/06/04	31/05/10	458
EL23888 [1]	Stafford	12/08/04	11/08/10	149
LANDER JOINT VENTURE (TGNL EARNING 60%)				
EL23655 [2]	Lander	12/06/03	11/06/09	480
WINNECKE PROJECT (TGNL 100%)				
EL9529	Turners	14/05/02	13/05/08	16
EL10404	Mordor	21/05/02	20/05/08	15
EL22759	Gecko	02/04/02	01/04/08	5
EL 23630 [3]	Golden Goose	05/03/03	04/03/09	18

SOUTHERN ARUNTA PROJECTS				
MT SOLITARY JOINT VENTURE (TGNL EARNING 60%)				
EL9887	Highway	08/07/03	07/07/09	34
EL(A)9888	Ti Tree East	Application		174
EL(A)9889	Mt Solitary	Application		450
EL10405	Mt Skinner	08/07/03	07/07/09	45
MT LIEBIG PROJECT (TGNL 100%)				
EL(A)24915	Dufaur	Application		164
NORTHERN TERRITORY TOTAL				**40, 668 km²**
TOTAL HELD				**44, 947 km²**

DEEP YELLOW AGREEMENT (DYL 100%)[4]				
EL(A)25097	Billabong North	Application		72
EL(A)25101	Mordor West	Application		59
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] Stafford Option Deed between Tanami Exploration NL and Newmont Gold Exploration Pty Ltd. Newmont holds right to buy back 75% interest.

[2] Lander Farm-in and Joint Venture between Select Resources Limited and Tanami Gold NL. Tanami is earning 60%.

[3] Golden Goose Option Deed between Tanami Exploration NL; Tennant Creek Gold and Imperial Granite and Materials Pty Ltd. Tenement held Tennant Creek (50%) and Imperial Granite (50%). Tanami has option to purchase.

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

OFFICIAL OPENING – COYOTE GOLD PROJECT – MAY 2006
PHOTOGRAPHS COURTESY OF – CLIFF HARRIS, MARTIN KAVANAGH, GEORDIE WEBB & ALEX WESTON

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