



Hedging of Options and Performance Rights Policy

1. Purpose and Objectives

As a publicly listed company, Tanami Gold NL (“Tanami” or “the Company”) has obligations under the Corporations Act 2001 to prohibit Key Management Personnel entering into an arrangement which would have the effect of limiting exposure of incentive remuneration to risk. Any element of remuneration that is unvested (due to time or other conditions) or is vested but remains subject to a holding lock is covered by this policy.

The Company has determined that its Key Management Personnel are its Directors and senior management reporting directly to the Company’s Chief Executive Officer (or equivalent)

2. Policy

Participants under the Company’s Option and Performance Rights Plan (the “Plan”) are prohibited from entering into hedging arrangements in respect of unvested awards or rights in the Plan or any other incentive plan operated by the Company. This prohibition on hedging extends to any rights that have vested but remain subject to a holding lock or deferral of delivery.

The primary purpose of this prohibition is to ensure that, at all times until entitlements granted to Key Management Personnel of the Company under the Plan have vested or have been delivered to Key Management Personnel, there is complete alignment between the interests of Key Management Personnel and the interests of the Company and its Security Holders.

In the Board’s view, that alignment potentially ceases if the economic interest of Key Management Personnel in the benefit of an entitlement is hedged, with the effect that Key Management Personnel are not affected (or are affected to a lesser extent), by positive or negative movements in the market value of the Company’s securities.

3. What constitutes hedging?

Key Management Personnel are prohibited from entering into or renewing hedging or financial instruments in connection with their unvested entitlements under the Plan or entitlements that have vested but are held in a holding lock or otherwise the subject of deferral of delivery. This includes instruments or arrangements such as equity swaps, caps and collars and other types of hedges, which are entered into for the purpose of limiting the exposure of Key Management Personnel to risk including by mitigating the financial impact of movements in the price of the Company’s securities to the extent such movements impact the value of awards made under the Plan.

4. What is an unvested entitlement?

An unvested entitlement is a reference to any award which is made under a Plan and which has not been paid, or has been issued conditionally, to the Key Management Personnel. Where the Plan includes performance hurdles, the satisfaction of those hurdles will not result in the award being vested. That will only occur once Key Management Personnel is paid or receives the full entitlement due under the Plan.

5. When is hedging permitted?

Subject to 4 above and the restrictions imposed by the Company's policies on Insider Trading and Security Trading, Key Management Personnel may enter into hedging transactions in respect of the Company's securities held by them outside the Plan.

However, Key Management Personnel should ensure that entry into the hedging transaction occurs outside the Company's black-out periods and otherwise complies with the Security Trading Policy which restricts hedging or derivative transactions where Key Management Personnel are aware of price sensitive information which has not been disclosed to the market.

6. Compliance

Tanami's policy is designed for strict compliance.

Approved by the Board
September, 2012