Tennant Creek
GOLD LIMITED

HALF-YEAR FINANCIAL REPORT

31 December 2005

Company Particulars

Directors

John W Barr	(Chairman)
Neil Biddle	(Managing Director)
Michael Bowen	(Non Executive Director)
Terence Smith	(Non Executive Director)

Company Secretary

Damian Delaney

Registered Office

Level 3
30 Richardson Street
West Perth WA 6005
Telephone: (08) 9327 0900
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Website: www.tennantcreekgold.com.au
Email: corporate@tennantcreekgold.com.au

Auditors

KPMG

Share Registry

Computershare Investor Services Pty Limited
Level 2
45 St George's Terrace
Perth WA 6000
Telephone: (08) 9323 2000
Facsimile: (08) 9323 2033

Australian Stock Exchange: (Code:TNG)
Stock Exchange Germany: (Code:TNG)

Directors' Report

The Directors present their report together with the consolidated financial report for the half year ended 31 December 2005 and the review report thereon.

Directors

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

Name		
John W Barr	(Chairman)	Appointed 1998
Neil Biddle	(Managing director)	Appointed 1998
Michael Bowen	(Non executive director)	Appointed 2004
Terence Smith	(Non executive director)	Appointed 2004

MANBARRUM LEAD-ZINC PROJECT

The formal grant of title over the Project and the issue of the Aboriginal Area Protection Authority (AAPA) clearance certificate both represented key milestones, clearing the way for field exploration activities (including drilling) to commence.

The Aboriginal Area Protection Authority (AAPA) has completed the first consultations with the traditional landowners. Native title issues are currently undergoing negotiations with an exploration agreement covering access and compensation to be signed once AAPA issues the relevant clearance certificate.

Manbarrum is located 70 kilometres north-east of Kununurra in the Northern Territory. The granted tenements consist of an Exploration Licence and an Authority to Prospect under Section 178 covering a combined area of over 200 square kilometres.

Potential exists for large tonnage, high-grade open pittable lead-zinc deposits within the Main Zone deposit at Manbarrum, as well as significant regional potential for multiple MVT deposits within a 23 kilometre long structural corridor trending to the north east from the Main Zone deposit.

Previous resource estimates predate the JORC Code, and TNG's planned exploration activities are geared towards drilling to upgrade this to JORC compliance as rapidly as possible.

SPRING HILL PROJECT

Spring Hill is located approximately 200 kilometres south of Darwin in the historic Pine Creek gold field in the Northern Territory. The area includes a JORC compliant Indicated Resource of 3.6 million tonnes @ 2.34 g/t Au for 274,000 ounces of contained gold.

Historically, high-grade lodes at Spring Hill were mined in the early part of the last century but more recently the tenements have been the subject to extensive exploration for bulk tonnage-low grade gold deposits. Other previously published resources in the area are non-JORC compliant, however are indicative of the exploration potential.

The Spring Hill project area contains several regional targets, which have been generated from regional geochemistry, airborne magnetics, structural interpretations and geological modelling.

MOUNT PEAKE

Mount Peake is located in the Arunta Province 80 kilometres north east of Alice Springs. Subject to a farm-in agreement, Falconbridge may earn a 60% interest in this project.

Known ultramafic intrusions area may be the source of more than one discrete magnetic anomaly Airborne magnetic surveys have indicated possible ultramafic nickel targets.

TANAMI EAST

Tanami East, also known as Goddard's Prospect, hosts significant malachite mineralisation outcropping over a strike length of 1,200 metres. Numerous values over 1% Cu and 100 ppb Au were obtained from rock chip samples carried out during the 1970s and the area is considered to have exploration potential for copper-gold deposits.

TENNANT CREEK GOLD-COPPER-BISMUTH PROSPECTS

TNG has a 100% interest in several granted mining and exploration tenements in the immediate vicinity of the town of Tennant Creek. These tenements cover an area of in excess of 6 square kilometres and contain first order Tennant Creek-style magnetic ironstone targets with the potential to host gold, and gold-copper-bismuth deposits.

EXPLORER GOLD-COPPER-BISMUTH PROSPECTS

TNG has a 100% interest in a granted exploration licence south of the Tennant Creek Township in Central Australia. The exploration licence covers an area of in excess of 1,354 square kilometres and contains first order Tennant Creek-style magnetic ironstone targets with the potential to host gold, and gold-copper-bismuth deposits.

Prospects are hosted within the Warramunga Formation and have the same magnetic trend and magnitude as some of the world-class gold and gold-copper-bismuth deposits in the Tennant Creek Inlier (eg, Rover 1, Marathon, Troy). Several first order magnetic anomalies remain untested and represent drill targets.

TIWI ISLANDS BAUXITE PROJECT

Early this year, TNG secured priority Exploration Licence Applications (ELAs) over identified bauxite deposits on Melville Island and Croker Island in the Tiwi Island Group off the coast of northern Australia. The ELAs cover bauxite deposits identified from regional exploration activities carried out between 1952 and 1972.

The Tiwi Islands are Freehold Aboriginal Land and TNG has now received permission from the Department of Business, Industry and Resource Development (DBIRD) to commence negotiations with the Tiwi Islanders and The Northern Land Council to secure grant of title.

CAWSE EXTENDED

The OM Group Inc. (OMG) owns and manages the Cawse Nickel-Cobalt Operation with OMG and TNG jointly owning the adjacent Cawse Extended Project. TNG's interest in the Cawse Extended Project is 20% free-carried to production, convertible at TNG's election to a 2% net smelter return.

TNG has also entered into a separate agreement with OMG for a wet tonne royalty payment, which replaces the current agreement only for ore mined from the Unicorn Pit and transported to the Cawse ROM pad. The Agreement has been structured to allow for variations in the nickel price and the AUD/USD exchange rate such that the wet tonne payment is variable within the range AU$0.50/wt and AU$0.90/wt.

TNG has been advised by OMG that mining at the Unicorn Pit will continue until May 2007. TNG believes that Cawse Extended will continue to be an important long term ore source for OMG.

OTHER WESTERN AUSTRALIAN TENEMENTS

TNG holds an interest in three other tenement groups, however, in each case, the Company does not contribute towards exploration expenditure as the projects are subject to joint venture or options for sale. These projects include Duplex Hill South, Kintore East, and McTavish.

CORPORATE & INVESTMENT ACTIVITIES

THOR MINING PLC (AIM CODE "THR")

TNG owns 45 million shares in Thor, representing an interest of approximately 25%. These shares are restricted from sale until June 2006.

Thor has recently announced a significant upgrade of the Molyhil Project.

TNG's investment in Thor Mining PLC has a market value of approximately $4 million.

The Thor web page is: www.thormining.com.

BATAVIA MINING LIMITED (ASX CODE "BTV")

TNG owns 56 million shares in Batavia, representing an interest of approximately 16% with a market value at quarter's end of approximately $3.0 million.

Batavia has recently announced an upgrade of resources at the Deflector Project located at Gullewa in the South Murchison district of Western Australia.

The Batavia web page is: www.bataviamining.com.au.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Neil Biddle, who is a Member of The Australasian Institute of Mining and Metallurgy. Neil Biddle is a Director of Tennant Creek Gold Limited. Neil Biddle has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Neil Biddle consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

CORPORATE & INVESTMENT ACTIVITIES

Thor Mining PLC (AIM code "Thr")

Batavia Mining Limited (ASX code "BTV")

TNG owned approximately 30 million Batavia shares at the end of the half year.

Batavia is focused on the Gullewa project in the South Murchison district of Western Australia.

Shareholders are encouraged to visit the Batavia web page, which is located at www.bataviamining.com.au.

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

The lead auditor's independence declaration is set out on page 7 and forms part of the directors' report for the half-year ended 31 December 2005.

Signed in accordance with a resolution of the Directors:

John W Barr
Chairman

14 March 2006

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

To: the directors of Tennant Creek Gold Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2005 there have been:

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

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

KPMG

KPMG

D P McComish

Partner

Perth

14 March 2006

Condensed consolidated interim income statement
For the six months ended 31 December 2005

	Note	31 December 2005 $	31 December 2004 $
Gain on sale of tenements	2	577,319	-
Gain on sale of investments	2	270,990	-
Other income	2	65,111	150,084
Total income		913,420	150,084
Occupancy costs		(64,205)	(24,292)
Employee benefits expense		(88,187)	(55,491)
Corporate costs		(358,926)	(376,283)
Change in fair value of investments held for trading		11,503	-
Reversal/(impairment loss) of investment in an associate		944,916	(281,739)
Cost of options to consultants		(450,000)	-
Amortisation of exploration costs in production phase		-	(84,795)
Promotional expenses		(120,669)	(14,530)
Operating profit/(loss) before financing income		787,852	(687,046)
Financial income		29,637	37,038
Financial expense		(2,035)	-
Net financing income		27,602	37,038
Share of loss of associates accounted for using the equity method		(362,648)	-
Profit/(Loss) before tax		452,806	(650,008)
Income tax expense		-	-
Profit/(Loss) for the period		452,806	(650,008)

Earnings per share (cents per share)

Basic earnings/(loss) per share from continuing operations	5	0.530	(0.963)
Diluted earnings/(loss) per share from continuing operations	5	0.396	(0.963)

The condensed consolidated interim income statement is to be read in conjunction with the notes to the interim financial statements set out on pages 12 to 24.

Condensed consolidated statement of Changes in equity
For the six months ended 31 December 2005

	Issued Capital	Retained Earnings	Translation Reserve	Total Equity
	$	$	$	$
Opening balance at 1 July 2004	3,471,866	4,962,688	-	8,434,554
Issue of share capital	1,800,000	-	-	1,800,000
Cost of issue of share capital	(26,767)	-	-	(26,767)
Net loss for the period	-	(650,008)	-	(650,008)
Closing balance at 31 December 2004	**5,245,099**	**4,312,680**	**-**	**9,557,779**
Opening Balance at 1 July 2005	6,581,392	1,576,881	-	8,158,273
Exercise of options	395,100	-	-	395,100
Cost of exercise of options	(6,373)	-	-	(6,373)
Net profit for the period	-	452,806	-	452,806
Equity settled share based payment transactions	-	450,000	-	450,000
Share of associates unrealised exchange gain	-	-	21,611	21,611
Closing balance at 31 December 2005	**6,970,119**	**2,479,687**	**21,611**	**9,471,417**

The condensed consolidated interim statement of changes in equity is to be read in conjunction with the notes to the interim financial statements set out on pages 12 to 24.

Condensed consolidated interim balance sheet
As at 31 December 2005

	Note	31 December 2005 $	30 June 2005 $
Current Assets			
Cash and cash equivalents		868,061	1,550,702
Trade and other receivables		113,694	431,612
Other investments		637,659	-
Other		27,395	47,977
Total current assets		1,646,809	2,030,291
Non-Current Assets			
Investments accounted for using the equity method		3,013,719	1,949,802
Plant and equipment		95,166	112,518
Exploration, evaluation & development expenditure		4,856,617	4,393,374
Total non-current assets		7,965,502	6,455,694
Total assets		9,612,311	8,485,985
Current Liabilities			
Trade and other payables		106,266	274,594
Interest-bearing liabilities		6,608	6,379
Provisions		1,884	17,241
Total current liabilities		114,758	298,214
Non-current Liabilities			
Interest-bearing liabilities		26,136	29,498
Total non-current liabilities		26,136	29,498
Total liabilities		140,894	327,712
Net assets		9,471,417	8,158,273
Equity			
Issued capital	4	6,970,119	6,581,392
Foreign currency translation reserve		21,611	-
Retained earnings		2,479,687	1,576,881
Total equity		9,471,417	8,158,273

The condensed consolidated interim balance sheet is to be read in conjunction with the notes to the interim financial statements set out on pages 12 to 24.

Condensed consolidated interim cash flow statement
For the six months ended 31 December 2005

	31 December 2005 $	31 December 2004 $
Cash flows from operating activities		
Cash receipts in the course of operations	16,101	3,538
Cash paid to suppliers and employees	(568,905)	(567,921)
Interest received	49,118	39,803
Proceeds from royalties	80,332	147,145
Net cash from operating activities	(423,354)	(377,435)
Cash flows from investing activities		
Payments for exploration expenditure	(454,428)	(695,142)
Payments for feasibility study	-	(138,530)
Acquisition of plant and equipment	(1,405)	(39,157)
Acquisition of investments	(460,038)	(13,585)
Proceeds from sale of investments	270,990	-
Acquisition of controlled entity (net of cash acquired)	-	16,446
Net cash from investing activities	(644,881)	(869,968)
Cash flows from financing activities		
Proceeds from the issue of share capital	395,100	600,000
Payment of finance lease liabilities	(3,133)	(4,360)
Transaction costs from the issue of share capital	(6,373)	(26,768)
Net cash flows from financing activities	385,594	568,872
Net decrease in cash and cash equivalents	(682,641)	(678,531)
Cash and cash equivalents at 1 July	1,550,702	1,712,693
Cash and cash equivalents at 31 December	868,061	1,034,162

This statement of cashflows is to be read in conjunction with the notes to the interim financial statements set out on pages 12 to 24.

Notes to the condensed consolidated financial statements

1. Significant accounting policies

Tennant Creek Gold Limited (the "Company") is a company domiciled in Australia. The condensed consolidated interim financial report of the Company for the six months ended 31 December 2005 comprises the Company and its subsidiaries (together referred to as the "consolidated entity") and the consolidated entity's interest in associates.

The condensed consolidated interim financial report was authorised for issue by the directors on 13 March 2006.

(a) Statement of Compliance

The condensed consolidated interim financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001.

International Financial Reporting Standards ("IFRS") form the basis of Australian Accounting Standards adopted by the AASB, Australian equivalents to IFRS ("AIFRS").

This is the consolidated entity's first AIFRS condensed consolidated interim financial report for part of the period covered by the first AIFRS annual financial report and AASB 1 *First time adoption of Australian equivalents to International Financial Reporting Standards*. The condensed consolidated interim financial report does not include all of the information required for a full annual financial report.

The interim financial report is to be read in conjunction with the most recent annual financial report, however, the basis of their preparation is different to that of the most recent annual financial report due to the first time adoption of AIFRSs. This report must also be read in conjunction with any public announcements made by Tennant Creek Gold Limited during the half year in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

(b) Basis of Preparation

The financial report is presented in Australian dollars and is prepared on the historical cost basis except that the financial instruments held for trading all stated at their fair value.

The preparation of an interim financial report in conformity with AASB 134 *Interim Financial Reporting* requires management to make judgments, 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 other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

This condensed consolidated interim financial report has been prepared on the basis of AIFRSs in issue that are effective at the consolidated entity's first AIFRS annual reporting date, 30 June 2006. Based on these AIFRSs, the Board of Directors has made assumptions about the accounting policies expected to be adopted when the first AIFRS annual financial report is prepared for the year-ended 30 June 2006.

All recently issued or amended Australian Accounting Standards which are not yet effective have not been early adopted for the half year ended 31 December 2005, and are not expected to result in significant accounting policy or disclosure changes.

The Australian Accounting Standards and UIG Interpretations that will be effective or available for voluntary early adoption in the annual financial statements for the period ended 30 June 2006 are still subject to change therefore cannot be determined with certainty. Accordingly, the accounting policies for that annual period that are relevant to this interim financial information will be determined only when the first AIFRS financial statements are prepared at 30 June 2006.

Notes to the condensed consolidated financial statements

The preparation of the condensed consolidated interim financial report in accordance with AASB 134 resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under previous GAAP. Except for the change in accounting policy relating to classification and measurement of financial instruments, the accounting policies set out below have been applied consistently to all periods presented in these condensed consolidated interim financial statements. They also have been applied in preparing an opening AIFRS balance sheet at 1 July 2004 for the purposes of the transition to Australian Accounting Standards – AIFRSs, as required by AASB 1. The impact of the transition from previous GAAP to AIFRSs is explained in note 7. Where relevant, the accounting policies applied to the comparative period have been disclosed if they differ from the current period policy. The accounting policies have been applied consistently throughout the consolidated entity for purposes of this condensed consolidated interim financial report.

(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 an entity 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) Associates

Associates are those entities for which the consolidated entity has significant influence, but not control, over the financial and operating policies. The condensed consolidated interim 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.

(iii) 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.

Unrealised gains arising from transactions with associates and are eliminated to the extent of the consolidated entity's interest in the entity with adjustments made to the "Investment in associates" and "Share of associates net profit" accounts.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Gains and losses are recognised as the contributed assets are consumed or sold by the associates and jointly controlled entities or, if not consumed or sold by the associate or jointly controlled entity, when the consolidated entity's interest in such entities is disposed of.

Notes to the condensed consolidated financial statements

(d) Plant and equipment

(i) Owned assets

Items of plant and equipment are stated at cost or deemed cost less accumulated depreciation (see below) and impairment losses (see accounting policy j). The cost of self-constructed assets includes the cost of materials, direct labour, and an appropriate proportion of production overheads. The cost of self-constructed assets and acquired assets includes (i) the initial estimate at the time of installation and during the period of use, when relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and (ii) changes in the measurement of existing liabilities recognised for these costs resulting from changes in the timing or outflow of resources required to settle the obligation or from changes in the discount rate.

Where parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

(ii) Leased assets

Leases in terms of which the consolidated entity assumes substantially all of the risks and rewards of ownership are classified as finance leases. Lease payments are accounted for as described in accounting policy (q).

(iii) Subsequent costs

The consolidated entity recognises in the carrying amount of an item of plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

(iv) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. The estimated useful lives in the current and comparative periods are as follows:

Leasehold improvements	Over the leased term
Plant and equipment	3 to 8 years
Fixtures and fittings	3 to 8 years

(e) Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

(f) Trade and other receivables

Trade and other receivables are stated at cost less impairment losses (see accounting policy (j)).

(g) Investments

Current accounting policy

Financial instruments held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the income statement. The consolidated entity has not designated any other financial assets or liabilities as measured at fair value through profit or loss.

The fair value of financial instruments classified as held for trading and available-for-sale is their quoted bid price at the balance sheet date adjusted for anticipated selling costs.

Financial instruments classified as held for trading or available-for-sale investments are recognised/derecognised by the consolidated entity on the date it commits to purchase/sell the investments. Securities held to maturity are recognised/derecognised on the day they are transferred by the consolidated entity.

Comparative period policy

Investments in listed and unlisted entities are carried at lower of cost and recoverable amount.
There is no impact of this change in accounting policy on the financial report of the consolidated entity.

Notes to the condensed consolidated financial statements

(h) Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

(i) Exploration and evaluation expenditure
Exploration and evaluation expenditure is stated at cost and is accumulated in respect of each identifiable area of interest.

Mining tenements that had been revalued to fair value on or prior to 1 July 2004, the date of transition to Australian Accounting Standards – AIFRSs, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Such costs are only carried forward when the rights to tenure of that area of interest are current and either such expenditure is expected to be recouped through the successful development and commercial exploitation of the area of interest (or alternatively by its sale), or where activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations are continuing.

Accumulated costs in relation to an abandoned area are written off to the income statement in the period in which the decision to abandon the area is made.

The Directors review the carrying value of each area of interest at balance date and exploration expenditure which no longer satisfies the above policy is written off.

(j) Impairment
The carrying amounts of the consolidated entity's assets other than deferred tax assets (see accounting policy (r)) 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 (see accounting policy see (j) (i)).

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement.

(i) Calculation of recoverable amount
The recoverable amount of the consolidated entity's investments in held-to-maturity securities and 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.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment.

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) Reversals 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.

(k) Share capital
Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

(l) Interest bearing borrowings
Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Notes to the condensed consolidated financial statements

(m) Employee Benefits

(i) Share based payments

The share option programme allows the consolidated entity's employees and consultants to acquire shares of the Company. The fair value of options granted is recognised as an employee/consultants expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees/consultants 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.

(ii) Wages, salaries, annual leave, sick leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date, 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.

(iii) Defined contribution plan

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

(n) Provisions

In accordance with the consolidated entity's legal requirements, a provision for site restoration in respect of areas of interest explored is recognised when the commitment to restore arises.

The provision is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date, based on current legal requirements and technology. Future restoration costs are reviewed annually and any changes are reflected in the present value of the restoration provision at the end of the reporting period.

The amount of the provision for future restoration costs is capitalised and is depreciated in accordance with the policy set out in note (d). The unwinding of the effect of discounting on the provision is recognised as a finance cost.

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. If the effect is material, 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.

(o) Trade and other payables

Trade and other payables are stated cost.

(p) Revenue

Income from the sale of tenements and assets held for trading is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

(q) 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 leave 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 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

Interest income is recognised in the income statement as it accrues, using the effective interest method.

Notes to the condensed consolidated financial statements

(r) Income Taxes

Income tax on the income statement for the period presented comprises current and deferred tax. Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(s) Segment reporting

A segment is a distinguishable component of the consolidated entity that is engaged either 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.

(t) Goods and Services taxes

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

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

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

2. Segment information

Segment information is presented in the condensed consolidated interim financial statements in respect of the consolidated entity's business segments, which are the primary basis of segment reporting. The business segment reporting format reflects the consolidated entity's management and internal reporting structure. Inter-segment pricing is determined on an arm's length basis.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business Segments

The consolidated entity comprises of the following main business segments:
Exploration Exploration and development on tenements.
Investments Investments in publicly listed and other companies.

Notes to the condensed consolidated financial statements

Geographical Segments
The consolidated entities business segments all operate in Australia.

2005

Business Segments	**Exploration**	**Investments**	**Total**
	$	**$**	**$**
Revenue			
External segment revenue	577,319	270,990	848,309
Total segment revenue			848,309
Other unallocated revenue			65,111
Total revenue			913,420
Result			
Segment result	409,830	864,761	1,274,591
Unallocated corporate revenues and expenses			(486,739)
Operating profit before financing costs			787,852
Net financing income			27,602
Share of loss of associates accounted for using the equity method			(362,648)
Profit for the period			452,806

2004

Business Segments	**Exploration**	**Investments**	**Total**
	$	**$**	**$**
Revenue			
External segment revenue	109,507	-	109,507
Total segment revenue			109,507
Other unallocated revenue			40,577
Total revenue			150,084
Result			
Segment result	59,051	(281,739)	(222,688)
Unallocated corporate revenues and expenses			(427,320)
Net loss			(650,008)

3. Associate entities

The consolidated entity accounts for investments in associates using the equity method. The consolidated entity has the following investments in associates:

	Ownership %	
	2005	**2004**
Thor Mining PLC	24.8%	-
Batavia Mining Limited	16.68%	20.51%

Thor Mining PLC
On 20 May 2005 the Company acquired 45,000,000 shares in Thor Mining PLC pursuant to the Sale and Purchase Agreement under which Sunsphere Pty Ltd, a previously wholly owned subsidiary, was sold to Thor Mining PLC. The Company's shareholding is 24.8% of the issued capital of Thor Mining PLC. The principal activity is mineral exploration and development.

The shares held in Thor Mining PLC are subject to escrow for 6 months, expiring June 2006.

Mr Barr is the Chairman of Thor Mining PLC.

The Company has adopted the equity method of accounting for its investment in Thor Mining PLC in accordance with AASB 128 'Investment in Associates'.

Notes to the condensed consolidated financial statements

Batavia Mining Limited
The consolidated entity previously equity accounted its investment in Batavia Mining Limited, however the use of the equity method was discontinued from 13 February 2004 in respect of the consolidated entity's interest in Batavia Mining Limited due to the inability of the consolidated entity to exercise significant influence over the company. The principal activity is mineral exploration and development.

In June 2005 the Company participated in a pro rata rights issue undertaken by Batavia Mining Ltd that resulted in the Company's shareholding temporarily increasing to 20.51%. The Company commenced equity accounting from June 2005. In July 2005 Batavia Mining Ltd issued additional shares. As a result the company's shareholding decreased to 16.68%. During the period and at 31 December 2005 two directors of Tennant Creek Gold Limited, Messrs Biddle and Smith were on the board of Batavia Mining Ltd and as a consequence Tennant Creek Gold Limited exercised significant influence. Accordingly the Company continues to adopt the equity method of accounting for its investment in accordance with AASB 128.

Movement in the carrying value of the associates during the period are outlined below:

	Six months ended 31 December 2005 $	Six months ended 31 December 2004 $
Net book value at 1 July	1,949,802	-
Additional investment during the period	460,038	-
Share of loss in current period	(362,648)	-
Share of currency reserve	21,611	-
Reversal of impairment loss during the period	944,916	-
Net book value at 31 December	3,013,719	-

4. Capital

	December 2005	June 2005
Issued and paid-up share capital	$	$
85,612,270 (June 2005: 82,978,270) ordinary shares, fully paid	6,970,119	6,581,392

(a) Movements in shares on issue	6 months ended 31 December 2005 Number	6 months ended 31 December 2004 Number
Balance at the beginning of period	82,978,270	53,478,270
Share placement	-	6,000,000
Consideration for acquisition of Tennant Creek Gold (NT) Pty Ltd	-	10,000,000
Options Exercised	2,634,000	-
Balance at end of period	85,612,270	69,478,270

Notes to the condensed consolidated financial statements

5. Earnings per share

The calculation of basic earnings per share for the six months ended 31 December 2005 was based on the profit attributable to ordinary shareholders of $452,806 (six months ended 31 December 2004: loss $650,008) and a weighted average number of ordinary shares outstanding during the six months ended 31 December 2005 of 85,367,101 (six months ended 31 December 2004: 67,500,009).

Profit attributable to ordinary shareholders
For the six months ending 31 December 2005

	31 December 2005 $	31 December 2004 $
Profit/(Loss) for the period	452,806	(650,008)
Profit/(Loss) attributable to ordinary shareholders	452,806	(650,008)

Weighted average number of ordinary shares
For the six months ending 31 December 2005

	31 December 2005	31 December 2004
Issued ordinary shares at 1 July	82,978,270	53,478,270
Effect of shares issued	2,388,831	14,021,739
Weighted average number of ordinary shares at 31 December	85,367,101	67,500,009

At the balance sheet date there were 15,966,000 unlisted options exercisable on or before 31 May 2007 at $0.15 and 13,500,000 unlisted options exercisable on or before 30 April 2007 at $0.12. Between the balance sheet date and the date of this report a further 4,016,000 options had been exercised at $0.15 per share.

Profit attributable to ordinary shareholders (diluted)
For the six months ending 31 December 2005

	31 December 2005 $	31 December 2004 $
Profit/(Loss) for the period	452,806	(650,008)
Profit/(Loss) attributable to ordinary shareholders (diluted)	452,806	(650,008)

Weighted average number of ordinary shares (diluted)
For the six months ending 31 December 2005

	31 December 2005	31 December 2004
Weighted average number of ordinary shares at 31 December	85,367,101	67,500,009
Effect of share options on issue	28,990,590	* -
Weighted average number of ordinary shares (diluted) at 31 December	114,357,691	67,500,009

* There is no effect of options on diluted earnings per share as it does not result in an increase in loss per share.

Notes to the condensed consolidated financial statements

6. Subsequent events

In January 2006 the Company announced a fully underwritten, non-renounceable pro rata offer of up to 42,814,135 new listed options at an issue price $0.02 each, exercisable on or before 31 May 2007. These listed options will have an exercise price of $0.15 and will be issued on the basis of 1 Listed Option for every 2 shares held at the record date, to raise up to $856,282.

In February 2006 the company sold 19 million ordinary fully paid shares in Red Rock Resources PLC for a consideration of $665,000. The proceeds of the sale will be utilised as part of the general working capital to underpin the Company's exploration and development activities.

Also in February 2006 the Company raised an additional $300,000 through the exercise of 2,000,000 options at $0.15 by employees and consultants of the Company.

In March 2006 the Company raised $1,000,000 by the issue of 4,000,000 shares. The placement has been on the basis that the subscribers may participate in the announced pro-rata offer of 2007 Listed Options to shareholders.

7. Explanation of transition to AIFRSs

As stated in note 1(a), these are the consolidated entity's first condensed consolidated interim financial statements for part of the period covered by the first AIFRS annual consolidated financial statements prepared in accordance with Australian Accounting Standards - AIFRSs.

The accounting policies in note 1 have been applied in preparing the condensed consolidated interim financial statements for the six months ended 31 December 2005, the comparative information for the six months ended 31 December 2004, the financial statements 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, comparative information for the six months ended 31 December 2004 and financial statements for the year ended 30 June 2005, 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.

Notes to the condensed consolidated financial statements

7. Explanation of transition to AIFRSs (continued)
Reconciliation of Equity

	Note	Previous GAAP	Effect of transition to AIFRSs 1 July 2004	AIFRSs	Previous GAAP	Effect of transition to AIFRSs 31 December 2004	AIFRSs	Previous GAAP	Effect of transition to AIFRSs 30 June 2005	AIFRSs
		$	$	$	$	$	$	$	$	$
Equity										
Issued capital		3,471,866	-	3,471,866	5,245,099	-	5,245,099	6,581,392	-	6,581,392
Reserves	(a)	4,653,656	(4,653,656)	-	4,653,656	(4,653,656)	-	4,653,656	(4,653,656)	-
(Accumulated losses)/Retained earnings	(a,b)	309,032	4,653,656	4,962,688	(340,976)	4,653,656	4,312,680	(3,076,775)	4,653,656	1,576,881
Total Equity		8,434,554	-	8,434,554	9,557,779	-	9,557,779	8,158,273	-	8,158,273

Notes to the condensed consolidated financial statements

7. Explanation of transition to AIFRSs (continued)

Reconciliation of loss for 2005

	Note	Previous GAAP	Effect of transition to AIFRS	AIFRS	Previous GAAP	Effect of transition to AIFRS	AIFRS
		31 December 2004			30 June 2005		
		$	$	$	$	$	$
Other income	c, d	187,122	(37,038)	150,084	1,593,159	(1,328,021)	265,138
Occupancy costs		(24,292)	-	(24,292)	(81,702)	-	(81,702)
Employee benefits expense	b	(55,491)	-	(55,491)	(128,958)	(370,620)	(499,578)
Corporate costs		(376,283)	-	(376,283)	(959,999)	-	(959,999)
Impairment loss of investment in associates		(281,739)	-	(281,739)	(1,103,347)	-	(1,103,347)
Amortisation of exploration costs in production phase		(84,795)	-	(84,795)	(87,495)	-	(87,495)
Loss on sale of controlled entities	c	-	-	-	(1,535,758)	1,274,576	(261,182)
Write off of exploration expenditure		-	-	-	(1,078,406)	-	(1,078,406)
Borrowing costs	d	-	-	-	(3,301)	3,301	-
Promotional expenses		(14,530)	-	(14,530)	-	-	-
Operating loss before financing income		(650,008)		(687,046)	(3,385,807)	-	(3,806,571)
Financial income	d	-	37,038	37,038	-	53,445	53,445
Financial expense	d	-	-	-	-	(3,301)	(3,301)
Net financing income		-		-	-		50,144
Loss before tax		(650,008)	-	(650,008)	(3,385,807)	(370,620)	(3,756,427)
Income tax expense		-	-	-	-	-	-
Loss for the period		(650,008)	-	(650,008)	(3,385,807)	(370,620)	(3,756,427)

Notes to the condensed consolidated financial statements

(a) In accordance with AASB 1 *First time adoption of Australian Equivalents to International Financial Reporting Standards*, the consolidated entity has reclassified the remaining balance of the asset revaluation reserve to retained earnings in its opening Australian equivalents to IFRS balance sheet. The effect is to decrease reserves by $4,653,656 at 1 July 2004, 31 December 2004 and 30 June 2005. Retained earnings has increased by a similar amount on these dates. Any future impairment in the value of assets carried at deemed cost will be charged to the profit and loss account.

(b) The consolidated entity applied AASB 2 to its active share-based payment arrangements at 1 July 2005 except for equity-settled share-based payment arrangements granted before 7 November 2002.

Under previous GAAP, the consolidated entity did not account for equity settled share based payments. Such payments are now recognised at fair value in accordance with AASB 2.

A portion of the options granted after 7 November 2002, vested before 1 January 2005 and therefore the consolidated entity has elected to apply the exemption under AASB 1 not to expense these options. A total of 7,100,000 options were issued subsequent to 1 January 2005. This has resulted in an increase in employee benefits expense by $370,620 for the year ended 30 June 2005 (no impact on six months ended 31 December 2004). Retained earnings have increased by a similar amount at 30 June 2005.

(c) The adoption of AIFRS has resulted in the reclassification of proceeds from sale of controlled entities included in other income to carrying amount of controlled entities sold disclosed in expenses. An amount of $1,274,576 was reclassified to expenses from other income for the year ended 30 June 2005 (31 December 2004: Nil).

(d) Under AIFRS, interest revenue and borrowing costs have been reclassified as financial income and financial expenses. The effect on the income statement is to decrease other income by $37,038 for the six months ended 31 December 2004 and $55,445 for the year ended 30 June 2005; and to increase financial income by similar amounts. The effect on the income statement is also to decrease borrowing costs by Nil for the six months ended 31 December 2004 and $3,301 for the year ended 30 June 2005; and to increase financial expense by similar amounts.

Directors' Declaration

In the opinion of the directors of Tennant Creek Gold Limited ("the Company"):

1 the financial statements and notes set out on pages 8 to 24, are in accordance with the Corporations Act 2001, including:
 (a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2005 and of its performance, as represented by the results of its operations and its cash flows, for the half year ended on that date; and
 (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

2 there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

John W Barr
Chairman

14 March 2006

KPMG

Independent review report to the members of Tennant Creek Gold Limited

Scope

The financial report and directors' responsibility

The financial report comprises the condensed consolidated interim income statement, statement of changes in equity, balance sheet, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for the Tennant Creek Gold Limited Consolidated Entity ("the Consolidated Entity"), for the half-year ended 31 December 2005. The Consolidated Entity comprises Tennant Creek Gold Limited ("the Company") and the entities it controlled during that half-year.

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 adjustments required under the Australian Accounting Standard AASB 1 *First-Time Adoption of Australian equivalents to International Financial Reporting Standards*

Review approach

We conducted an independent review in order for the Company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether on the basis of the procedures described anything has come to our attention that would indicate the financial report does not present fairly, in accordance with the Corporations Act 2001, Australian Accounting Standard AASB 134 *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Consolidated Entity's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which were limited primarily to:

- enquiries of company personnel; and
- analytical procedures applied to the financial data.

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

The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

A review cannot guarantee that all material misstatements have been detected.

KPMG

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe the half-year financial report of Tennant Creek Gold Limited is not in accordance with:

a) the Corporations Act 2001, including:

   i. giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2005 and of its performance for the half-year ended on that date; and

   ii. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

b) other mandatory financial reporting requirements in Australia.

KPMG

KPMG

D McComish

Denise P McComish
Partner

Perth
14 March 2006