



12 May 2010

DIAMOND DRILLING COMMENCES AT CENTRAL TANAMI GOLD PROJECT

FURTHER HIGH-GRADE RESULTS FROM SANDPIPER DEPOSIT, WESTERN TANAMI INCLUDING 11m @ 4.9g/t and 2.6m @ 30.1g/t

Australian gold producer Tanami Gold NL (ASX: **TAM**) is pleased to advise that resource extension drilling has commenced at the recently acquired **Central Tanami Project** ("CTP") in the Northern Territory, marking the first step towards the planned re-commencement of gold production next year.

The start of drilling at the CTP comes just one week after Tanami Gold announced a 105% increase in the Mineral Resource to a total Measured, Indicated and Inferred Resource of 11.7 million tonnes grading 2.8g/t gold for **1.06 million ounces of contained gold** (refer ASX Announcement of 4 May 2010 and Table 2.0).

The initial drilling programs are designed to confirm extensions to the recently updated Mineral Resource and obtain metallurgical samples.

Drilling is underway at the Hurricane-Repulse pit, the first of several high priority prospects within close proximity of the Central Tanami Treatment Plant. Previous Reverse Circulation (RC) and Diamond Drilling (DD) beneath the base of the Hurricane Pit has returned significant down hole intervals including:

- **19m @ 10.9 g/t Au from 176m** in TDD24
- **8m @ 20.9 g/t Au from 75m** in TRC1059
- **14m @ 11.3 g/t Au from 141m** in TRC1425
- **6m @ 26.0 g/t Au from 66m** in TRC1040
- **13m @ 11.9 g/t Au from 175m** in TDD18

The Hurricane-Repulse deposit contains an Inferred Resource of **413,000 tonnes grading 4.0g/t for 52,600 ounces Au** (contained within the 151,000 ounce Resource for MLS153 as reported to the ASX on 4 May 2010 and presented in Table 2.0). A review of the Hurricane-Repulse geological data has highlighted that significant upside exists to quickly grow the Resource at a minimal cost.

Much of the mineralisation outlined to date is readily accessible from the current pit floor and will be an important source of mill feed once mining and milling operations resume at the CTP.

The Company is aiming to further increase the CTP Resource inventory as the foundation for a second production hub to operate alongside the existing Western Tanami Operations, which is currently producing at an annualised rate of 50,000 ounces. The CTP includes the 1.2Mtpa Groundrush gold treatment facility, which is currently on care and maintenance.

Bald Hill - Sandpiper Deposit

Tanami Gold NL is also pleased to report that further high-grade results have been received from the **Sandpiper deposit**. The Sandpiper deposit is part of the Company's Bald Hill open pit mining operations, located 35 kilometres north of the Coyote Mine and treatment plant at its Western Tanami Operations in Western Australia.

A total of 14 diamond drill holes (4,409 metres) have now defined the Sandpiper mineralisation to **over 400 metres down plunge from the base of the open pit** (see *Figure 1.0*). Results have been received from the final two holes of the program, with significant intersections including:

- **11.0m @ 4.9g/t Au from 227.5m incl. 0.8m @ 34.2g/t Au** in SPDD14
- **4.7m @ 4.8g/t Au from 266.8m** in SPDD14
- **2.6m @ 30.1g/t Au from 285.6m incl. 0.6m @ 118.1g/t Au** in SPDD 14
- **6.3m @ 6.2g/t Au from 341.2m** in SPDD14

Significant results from hole SPDD14 have been returned across **four** discrete intervals, interpreted as **separate parallel lode** structures.

Coarse gold in quartz veins was noted through the interval from 285.6 to 286.2 metres in SPDD14 (see Table 1.0 for a full list of significant intersections).

It appears that the Sandpiper mineralised system may be improving at depth with increasing grades evident within shears that previously returned lower grade intervals higher up plunge and additional parallel zones (now up to four discrete zones). The lodes are interpreted to plunge to the east and remain **open along strike, down dip and down plunge**.

Table 1.0 – Sandpiper diamond drill hole SPDD14 location and significant intersections

Hole Number	Collar Easting	Collar Northing	Collar RL	Collar Dip	Collar Azimuth	Hole Depth	Depth From	Depth To	Width m	Grade g/t
SPDD14	485970	7834211	376	-60	177	361	227.5	238.5	11.0	4.9
							inc 237.0	237.8	0.8	34.2
							266.8	271.5	4.7	4.8
							285.6	288.2	2.6	30.1
							inc 285.6	286.2	0.6	118.1
341.2	347.5	6.3	6.2							

Notes – Collar Northing, Easting and Azimuth are in AMG Grid coordinates. Collar position may vary slightly upon final location survey. Analyses by 50g fire assay with AAS finish. No cutting of grades has been applied. Intervals reported are greater than 1g/t with maximum 2 metres internal waste. Assays rounded to nearest 0.1g/t

Hurricane intervals reported are greater than 1g/t with maximum 2 metres internal waste. Assays rounded to nearest 0.1g/t



Graeme Sloan
Managing Director/CEO

Figure 1.0: Sandpiper Deposit Schematic Long Section

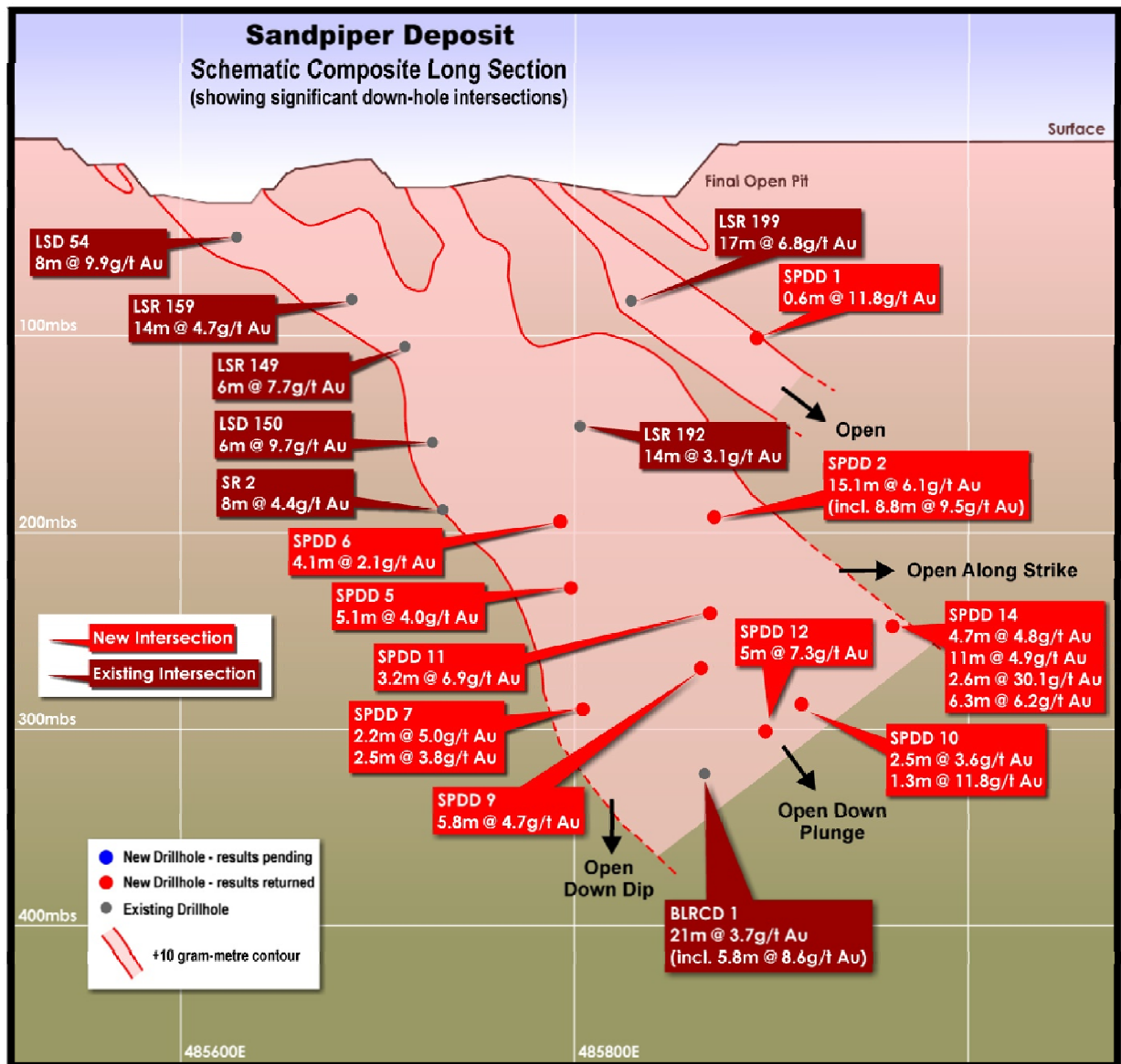


Table 2.0: Central Tanami Project Mineral Resources

Mineral Lease	Resource Category											
	Measured			Indicated			Inferred			Total		
	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces
MLS153	578,000	2.3	43,000	744,000	2.2	53,000	441,000	3.9	56,000	1,763,000	2.7	151,000
MLS167	2,369,000	3.2	248,000	2,004,000	4.0	256,000	640,000	3.7	75,000	5,013,000	3.6	579,000
MLS168	707,000	2.3	52,000	63,000	2.1	4,000	509,000	1.9	30,000	1,279,000	2.1	87,000
MLS180	438,000	3.6	51,000	544,000	3.0	53,000	59,000	3.0	6,000	1,041,000	3.3	109,000
MLSA172	1,026,000	2.7	89,000	112,000	1.9	7,000	44,000	5.0	7,000	1,181,000	2.7	103,000
Stockpiles	1,400,000	0.7	31,000							1,400,000	0.7	31,000
Total	6,518,000	2.5	514,000	3,467,000	3.3	373,000	1,692,000	3.2	174,000	11,677,000	2.8	1,061,000

Notes to accompany Table 2.0.

Resource estimation completed using MineMap software comprising an ellipsoidal inverse distance grade interpolation method.

Grade estimation was constrained to material within >0.5g/t mineralisation outlines.

Gold assay top cut of 30g/t used for MLS167 and 20g/t used for the remainder, based on geostatistical parameters and historical production reconciliation.

Resources reported above 0.7g/t block model grade constrained within pit shells optimised at A\$1350 per ounce gold price.

Resources reported above 2.5g/t block grade for mineralisation at the Carbine deposit, within MLS167, occurring below the southern plunge extent of the optimal pit shells.

Stockpile figures from previously reported Otter Gold Mines NL 2001 Mineral Resource estimate less recorded treatment by Newmont Asia Pacific.

Tonnes and ounces rounded to the nearest thousand and grade rounded to 0.1g/t. Rounding may affect tallies.

The information in this report pertaining to Mineral Resources was compiled by Mr Bill Makar (MAusIMM - Member Number 109848). Mr Makar has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the December 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Makar is a senior resource consultant, and has consented in writing to the inclusion in this statement of his compiled information in the form and context in which it appears.

The information in this report pertaining to Exploration Results and Mineral Resources is based on information compiled and reviewed by Mr Robert Henderson, a full time employee and Geology Manager of Tanami Gold NL. Mr Henderson is a member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the December 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Henderson consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.