

# quarterly report

FOR THE PERIOD ENDING  
31 DECEMBER 2010



## COMPANY ENQUIRIES

**Graeme Sloan**  
MANAGING DIRECTOR/CEO  
**Jane Bown**  
EXECUTIVE ASSISTANT

**TANAMI GOLD NL**  
ABN 51 000 617 176

**T:** +61 8 9212 5999  
**F:** + 61 8 9212 5900

L4, 50 Colin Street, West Perth  
Western Australia 6005

PO Box 1892, West Perth  
Western Australia 6872

## HIGHLIGHTS

### CORPORATE

- **11% increase in gold production to 10,064 ounces and 15% reduction in cash costs per ounce to A\$812 per ounce for the December 2010 Quarter.**
- **As at 31 December 2010, the Company had cash and gold on hand of \$8.9 million up from \$8.1 million as at 30 September 2010.**

### WESTERN TANAMI OPERATIONS

- **Stage I of the Western Tanami treatment plant upgrade to increase capacity from 250,000tpa to 350,000tpa is within budget and on schedule to complete early March 2011.** Stage II final engineering study which would see capacity increased to 500,000tpa is nearing completion.
- **More high-grade intersections** from underground drilling at Western Tanami (Coyote) targeting extensions to the main lodes and adjacent new lodes. Significant results include:
  - **1.0 metre @ 218.4 g/t Au** from 46.0 metres in CYUG 119 (231 South Lode)
  - **0.9 metres @ 126.2 g/t Au** from 42.1 metres in CYUG106 (231 South Lode)
  - **9.0metres @ 20.0 g/t Au** from 10.0 metres in CYUG103 (Gonzales Lode)
  - **7.4metres @ 14.3 g/t Au** from 9.0 metres in CYUG104 (Gonzales Lode)
- At the Sandpiper deposit, surface drilling intersected **multiple lodes** in a 100 metre step-out hole in down plunge extensional drilling, **providing strong evidence for future underground mining operations.**

# quarterly report

FOR THE PERIOD ENDING 31 DECEMBER 2010

## HIGHLIGHTS

### CENTRAL TANAMI PROJECT

- A total of 9 of 43 historic open pit targets have been partially drill tested to date with numerous high-grade gold intersections returned from Southern, Legs and Lynx deposits. Best assay results included:
  - 7.0 metres @ 10.1 g/t Au from 10 metres in SORC10 (Southern)
  - 9.0 metres @ 14.8 g/t Au from 66 metres in SORC10 (Southern)
  - 12.0 metres @ 4.6 g/t Au from 85 metres in SODD10 (Southern)
  - 7.6 metres @ 6.4 g/t Au from 256.9 metres in LEDD2 (Legs)
  - 3.0 metres @ 10.8 g/t Au from 108 metres in LXRC43 (Lynx)
  - 5.0 metres @ 5.8 g/t Au from 168 metres in LXRC61 (Lynx)
- New mineralised zone intersected at Bulldog deposit - 20 metres @ 3.0g/t Au from 158 metres in BDRC22 ending in mineralisation of 2.0 metres @ 8.8g/t.
- Updated Resource estimates underway on several open pit deposits – upgraded Central Tanami Resource due in February 2011.
- Granting of Substitute Exploration Licences 26925 and 26926 on 25 January 2011 to provide the Company with access to high priority advanced exploration prospects such as Gallifrey (historic interval of 22 metres @ 8.5g/t Au), Marlana (historic interval of 16 metres @ 16.1g/t Au) and Dolphin (historic interval of 4 metres @ 32.8g/t Au), plus over 90 kilometres of strike of the prospective Mount Charles Formation.

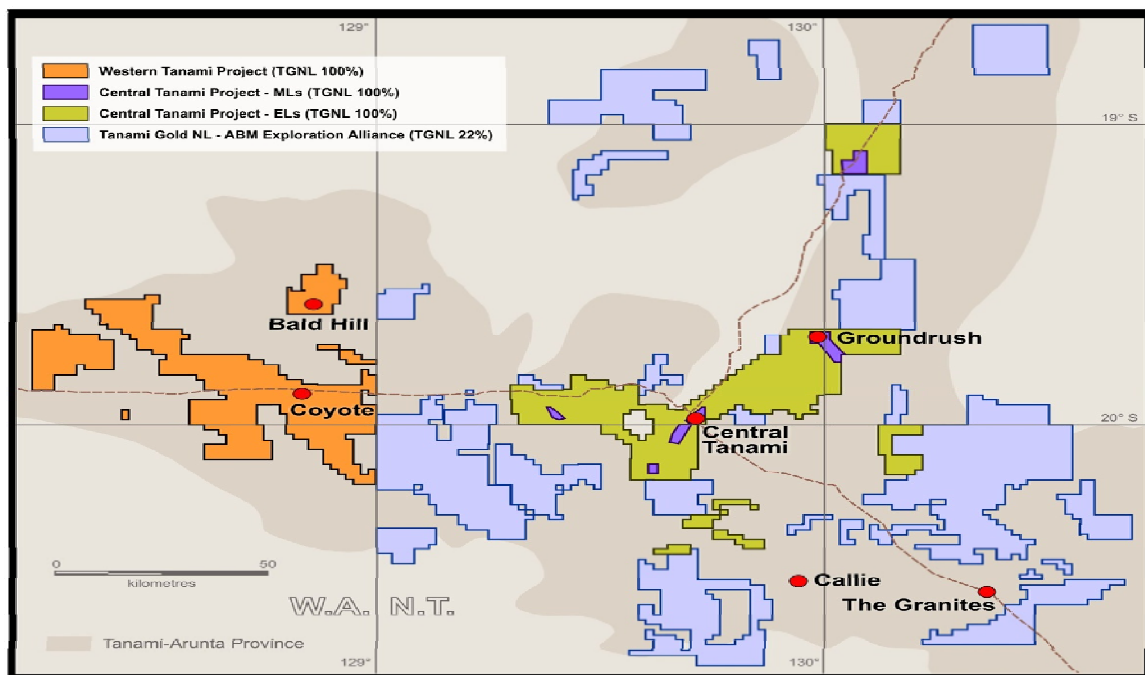


Figure 1: Project Location Plan

# quarterly report

FOR THE PERIOD ENDING 31 DECEMBER 2010

## OPERATIONS – Western and Central Tanami

### Summary

- Gold production for the Quarter increased to 10,064 ounces (September Quarter: 9,083 ounces) at an average cash operating cost of A\$812/oz from processing a total of 57,677 tonnes at an average grade of 5.7g/t Au.
- Gold sales for the Quarter totalled 9,894 ounces at an average received price of A\$1,386 per ounce.

**Table 1: 2008-09, 2009-10 and 2010-11 Annual and Quarterly Treatment and Gold Production Summary**

Period	Underground			Open Pit			Total					
	Tonnes Treated	Grade g/t	Recovered Ounces	Tonnes Treated	Grade g/t	Recovered Ounces	Tonnes Treated	Grade g/t	Recovered Ounces	Recovery	Gold Sales Ozs	Average Sale Price/oz \$A
TOTAL 08/09	73,800	7.6	17,416	73,700	2.6	5,904	147,600	5.1	23,320	96.8	26,265	1,180
TOTAL 09/10	146,387	8.1	37,084	81,225	4.3	10,877	227,610	6.7	47,960	97.7	46,280	1,233
Sep-10	29,853	7.5	6,945	26,528	2.6	2,139	56,381	5.2	9,083	96.1	9,694	1,365
Dec - 10	32,479	8.3	8,307	25,198	2.4	1757	57,677	5.7	10,064	95.1	9,894	1,386

Notes to Table 1:

1. Recovered ounces calculated by tonnes x grade x recovery.
2. Recovered ounces include surface stockpile movements.

- The first of a two Stage process to upgrade the Western Tanami treatment plant from 250,000tpa to 500,000tpa has been approved by the Tanami Board of Directors.
- Stage I will increase throughput to 350,000tpa following the installation of three additional leach tanks and associated equipment. Stage I is **on schedule and within budget** and is scheduled for completion the first week in March 2011 with commissioning expected to be completed mid-March.
- Stage II engineering, study which is nearing completion, will result in throughput increasing to 500,000tpa with the installation of a second ball mill, cone crusher and associated infrastructure. The study, once completed, will be submitted to the Board for approval to proceed. A contract for Stage 1 was awarded to GR Engineering Services Pty Limited.
- Underground diamond drilling underway **to confirm the recently discovered 250 metre down plunge extension of the high grade South Lode.**
- Mining operations at Bald Hill recommenced during the Quarter with Brierty Limited appointed as the successful mining contractor.

# quarterly report

FOR THE PERIOD ENDING 31 DECEMBER 2010

## Underground Mining

The Coyote underground operation mined a total of **8,075 ounces** of gold from mining 27,769 tonnes of ore at an average gold grade of **9.05 g/t** for the December 2010 Quarter, with approximately 85% of gold production being derived from stope ore (September 2010 Quarter: 29,853 tonnes at 7.5g/t for 6,945 ounces).

During the Quarter a total of 1,029 metres of level and capital development was completed including development of the 144-207 ventilation decline which will enable a deepening of the mine, specifically into the lower levels of the high grade Bommie lode. The new vent decline will also provide access into the prospective East Lode system and will be the site for a number of new drill platforms to enable further exploration drilling to test for adjacent lodes. Drilling locations were also established off the 207 level to enable extension drilling of the West Lode.

The main decline bypass from the 290 level to the 255 level (146 metres) was completed during the Quarter enabling long hole stoping to continue between these levels.

Mechanised long-hole stoping continued in the Gonzales ore body between the 181 and 194 levels.

An Owner/Operator underground drill rig was successfully commissioned to fast track underground exploration and in-fill drilling programs. Two additional drill rigs are scheduled for commissioning during the March 2011 Quarter.

Underground diamond drilling is underway **to confirm the recently discovered 250 metre down plunge extension of the high grade South Lode**. Handheld stoping of the **231 South Lode continued to produce mine grades averaging 20-25 g/t**.

## Surface Mining

During the Quarter, Tanami Gold awarded the contract for continued mining operations at the Bald Hill open pits to mining contractor Brierty Limited which mobilised to site late November 2010. At the end of the Quarter an initial 10,143 tonnes of ore averaging 3.51g/t gold had been stockpiled.

Despite heavy rain being experienced for several days during December, mining operations have remained on schedule and on budget.

## Processing and Metallurgy

Gold production for the December 2010 Quarter was 10,064 ounces (September 2010 Quarter 9,083 ounces) from mill throughput of 57,677 dry tonnes at a calculated grade of 5.7 g/t and a recovery of 95.1%. Ore processed comprised 32,479 tonnes from underground and 25,198 tonnes from the Bald Hill open pits.

The first Stage of a two Stage upgrade process for the Western Tanami treatment plant has been approved by the Tanami Board of Directors. Stage I work, commenced in late November 2010, will result in throughput increasing from 250,000tpa to 350,000tpa and involves increasing leach/adsorb capacity by 1,200 m<sup>3</sup> through the addition of three leach tanks and ancillary equipment. The tailings handling facilities will also be upgraded and will include a new, larger capacity tailing screen and improvements to the elution circuit.

A contract for Stage 1 was awarded to GR Engineering Services Pty Limited. Stage I remains **on schedule and within budget** and is expected to be completed during the first week in March 2011 with commissioning completed mid-March.

A Stage II engineering study is nearing completion which would result in throughput increasing to 500,000tpa with the installation of a second ball mill, secondary cone crusher and associated infrastructure. The study, once completed, will be submitted to the Board for approval to proceed.

# quarterly report

FOR THE PERIOD ENDING 31 DECEMBER 2010



Figure 2: Installation of three additional leach tanks

## EXPLORATION AND RESOURCE DEVELOPMENT

Exploration and Resource development drilling throughout the December 2010 Quarter continued to **deliver more encouraging results at both Western and Central Tanami**. A total of 28,135 metres of combined reverse circulation (RC), diamond core (DC) and aircore (AC) drilling was completed across both project areas.

### Central Tanami Project

Resource definition drilling continued at the Central Tanami Project throughout the December 2010 Quarter. A total of 100 holes and 19,842 metres of combined RC and DC drilling were completed during the period at nine deposits.

Drilling focussed on defining down dip and lateral extensions to previously defined mineralisation at Miracle, Southern and Hurricane deposits within MLS153 (see *Figure 3*) and at the Lynx, Dogbolter, Bulldog, Carbine, Inca and Phoenix deposits within MLS167 (see *Figure 4*). A total of 9 of 43 historic open pits have been partially tested to date.

The programs also included infill holes to upgrade the classification of the existing Mineral Resource estimates at Southern, Miracle, Lynx and Bulldog. **All deposits drilled to date remain open at depth**. Significant results are shown in Table 2 below and represent down dip or down plunge extensions to known mineralisation.

As a result of these programs, two new zones of mineralisation were discovered at the Carbine and Bulldog deposits. **The new zone identified at Carbine (hole CADD8) intersected 9.1 metres @ 2.4g/t Au in the footwall of the main Carbine lode**. This new zone has similar mineralogy and structural characteristics to the main Carbine lode which was previously mined and forms the bulk of the current Carbine Resource.



# quarterly report

FOR THE PERIOD ENDING 31 DECEMBER 2010

At the Bulldog prospect, hole BDRC22 **intersected 20 metres @ 3.0g/t and ended in strong mineralisation** (see *Figure 5*). This is a new zone of mineralisation that occurs in the footwall to the main Bulldog structure. This intersection, which occurs from **158 metres to 178 metres and averaged 8.8g/t from 176 metres to 178 metres, is significantly thicker than any previous intersections seen at this deposit.**

**The identification of these new zones and the limited amount of historic drilling penetrating the footwall of most of the known mineralised structures demonstrates the significant potential to discover similar zones adjacent to other deposits.**

DC drilling at Hurricane has intersected quartz-sulphide mineralisation in hole HRDD7 in an altered basalt sequence **approximately 100 metres below modelled lode positions.** This interval, from 396 to 407 metres down hole or 275 metres below surface, indicates that the mineralised structure continues at depth. Assays are pending for several deeper holes completed at Hurricane.

Geological modelling and re-estimation of Mineral Resources for the Central Tanami deposits drilled since the Company acquired the Central Tanami Project in March 2010 commenced during the December 2010 Quarter. An updated Mineral Resource Estimate for six of the deposits tested to date at the Central Tanami Project is scheduled for completion early in the March 2011 Quarter.

Subsequent to the end of the December 2010 Quarter the Company was advised that applications for **Substitute Exploration Licences SEL26925 and SEL26926 were granted.** These strategic tenements constitute about 38% of the Central Tanami Project area and surround Mineral Leases MLS153, MLS167, MLS168 and MLS180 which contain the majority of the 43 historic open pits that produced approximately 1.5 million ounces.

The granting of these tenements provides the Company with access to high priority advanced exploration prospects such as **Gallifrey (historic RAB interval of 22 metres @ 8.5g/t Au), Marlana (historic RAB interval of 16 metres @ 16.1g/t Au) and Dolphin (historic RAB interval of 4 metres @ 32.8g/t Au)** as well as over 90 kilometres of strike of prospective Mount Charles Formation external to that contained within the Mineral Leases. Planning of exploration drilling programs is well advanced and is expected to commence upon receipt of final Government and Traditional Owners access approvals.

# quarterly report

FOR THE PERIOD ENDING 31 DECEMBER 2010

**Table 2: Central Tanami Project drill hole locations and significant intersections**

Hole Number	Collar Easting	Collar Northing	Collar RL	Collar Dip	Collar Azimuth	Hole Depth (m)	Significant Intersections			
							Interval	Length (m)	Grade (g/t)	Deposit
SODD1	573904.2	7791013.6	426.5	-60	310	181	144m to 151m	7.0	5.0	Southern
SODD10	573744.3	7790705.9	425.8	-60	310	210	66m to 69m	3.0	9.7	Southern
							85m to 97m	12.0	4.6	
SODD15	573764.9	7790713.9	425.6	-60	310	154	107m to 111m	4.0	4.2	Southern
SORC10	573782.0	7790853.2	424.7	-60	310	178	10m to 17m	7.0	10.1	Southern
							66m to 75m	9.0	14.8	
LEDD2	569598.4	7783136.5	404.9	-60	334	235	256.9m to 264.5m	7.6	6.4	Legs
LXDD1	569519.5	7782887.2	402.8	-60	337	162.9	143.5m to 145.6m	2.1	15.5	Lynx
LXRC43	569748.2	7782925.3	402.4	-60	335	160	108m to 111m	3.0	10.8	Lynx
LXRC46	569723.7	7782925.8	402.4	-60	335	154	102m to 107m	5.0	5.3	Lynx
LXRC57	569611.3	7782873.9	402.6	-60	335	180	126m to 133m	7.0	3.6	Lynx
LXRC60	569525.9	7782977.2	402.7	-60	335	84	35m to 37m	2.0	20.8	Lynx
LXRC61	569550.0	7782863.9	402.6	-60	336	208	168m to 173m	5.0	5.8	Lynx
BDRC17	569738.1	7782536.3	403.3	-75	291.5	130	101m – 104m	3.0	12.7	Bulldog
BDRC20	569795.4	7782606.3	402.7	-75	291.5	160	83m – 88m	5.0	5.2	Bulldog
BDRC21	569810.9	7782620.0	402.7	-70	291.5	148	103m – 109m	6.0	2.8	Bulldog
BDRC22	569839.2	7782652.3	402.3	-75	291.5	178	158m – 178m (end of hole)	20.0	3.0	Bulldog
BDRC24	569840.4	7782714.8	402.1	-70	291.5	136	104m – 112m	8.0	3.6	Bulldog
BDRC34	569828.4	7782762.2	402.2	-60	291.5	120	91m – 96m	5.0	2.4	Bulldog
BDDD3	569827.7	7782697.0	402.2	-60	291.5	123.9	101.1m – 109.4m	8.3	1.7	Bulldog
CADD1	572111.1	7787841.2	417.6	-55	330.5	377.9	322m – 325.1m	3.1	5.0	Carbine
CADD3	571890.4	7787658.4	419.1	-57	330.5	585.3	498.6m – 501.2m	2.6	4.7	Carbine
							509.9m – 510.9m	1.0	11.2	
CADD8	571543.3	7787732.2	424.4	-68	330.5	592.4	542.9m – 552m	9.1	2.4	Carbine
CADD13	571996.0	7787724.9	419.2	-60	330.5	603.7	498.6m – 502.0m	3.4	5.1	Carbine
PHRC4	571567.3	7787065.4	420.1	-65	330.5	232	110m – 117m	7.0	2.8	Phoenix
HRDD7	575178.7	7792460.6	438.0	-50	310.0	429.8	Assays pending			Hurricane
HRRC28	574841.0	7792240.5	438.1	-60	306.5	154	115m – 121m	6.0	3.3	Hurricane
*WTRB354	560643	7769871	412.0	-60	132.0	104	46m – 68m	22.0	8.5	Gallifrey
*PGRB639	540046	7792749	410.0	-55	41.0	72	56m – 72m	16.0	16.1	Marlena
*PGRB687	544920	7790539	414.0	-55	311.0	82	44m – 48m	4.0	32.8	Dophon

**Notes to accompany Table 2**

1. Collar Northing, Easting and Azimuth are all in MGA Grid coordinates.
2. Collar RL is AHD.
3. Analyses by 50g fire assay with AAS finish.
4. No cutting of grades has been applied. Assays are rounded to nearest 0.1g/t.
5. Significant intersections are greater than 1g/t with maximum 2 metres internal dilution and are greater than 10 gram metres (grade x down hole intersection length).
6. Intervals are all down hole length.
7. \* Historic drill hole.

# quarterly report

FOR THE PERIOD ENDING 31 DECEMBER 2010

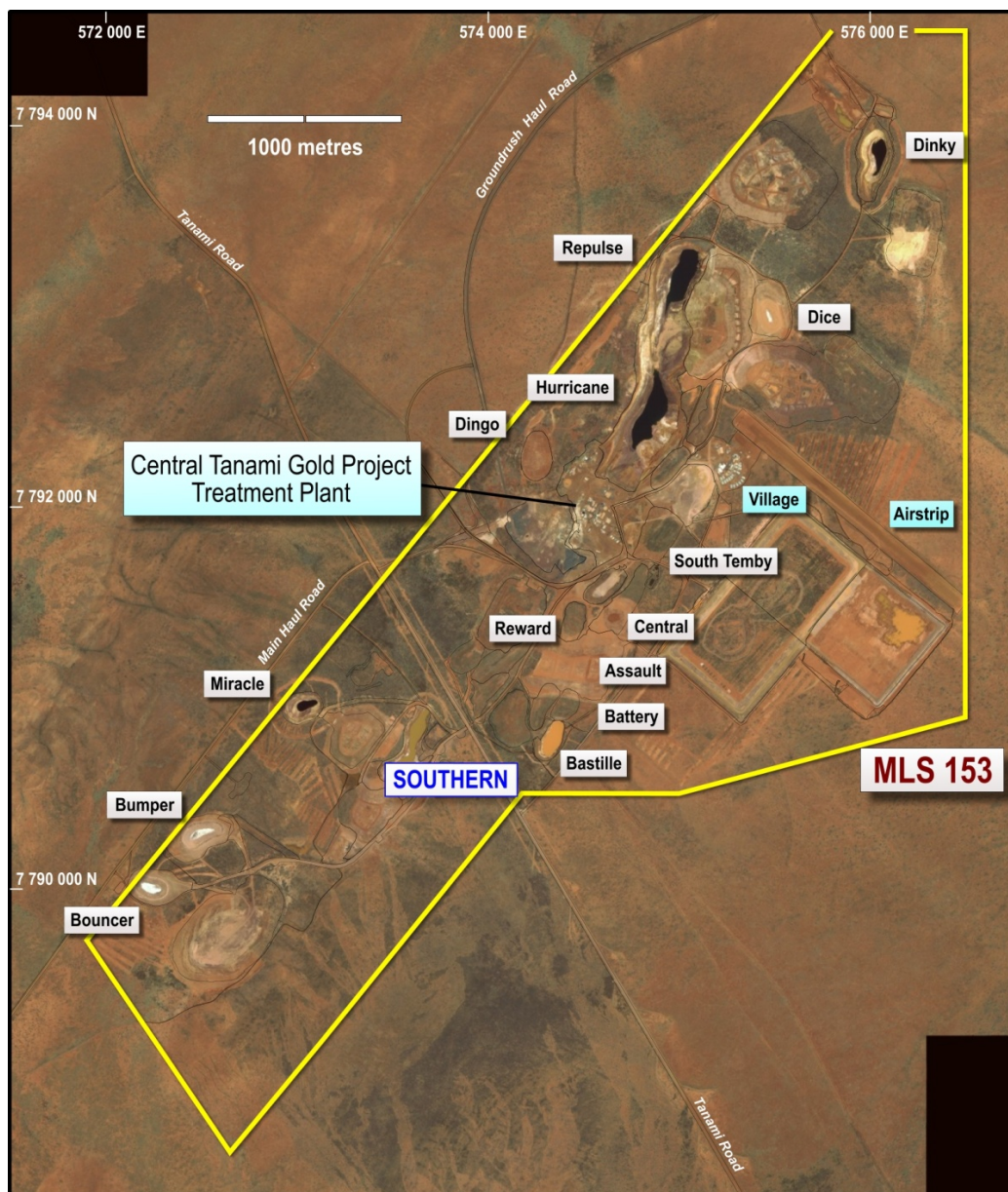


Figure 3: Aerial photograph of MLS153 showing existing pits and prospects



# quarterly report

FOR THE PERIOD ENDING 31 DECEMBER 2010

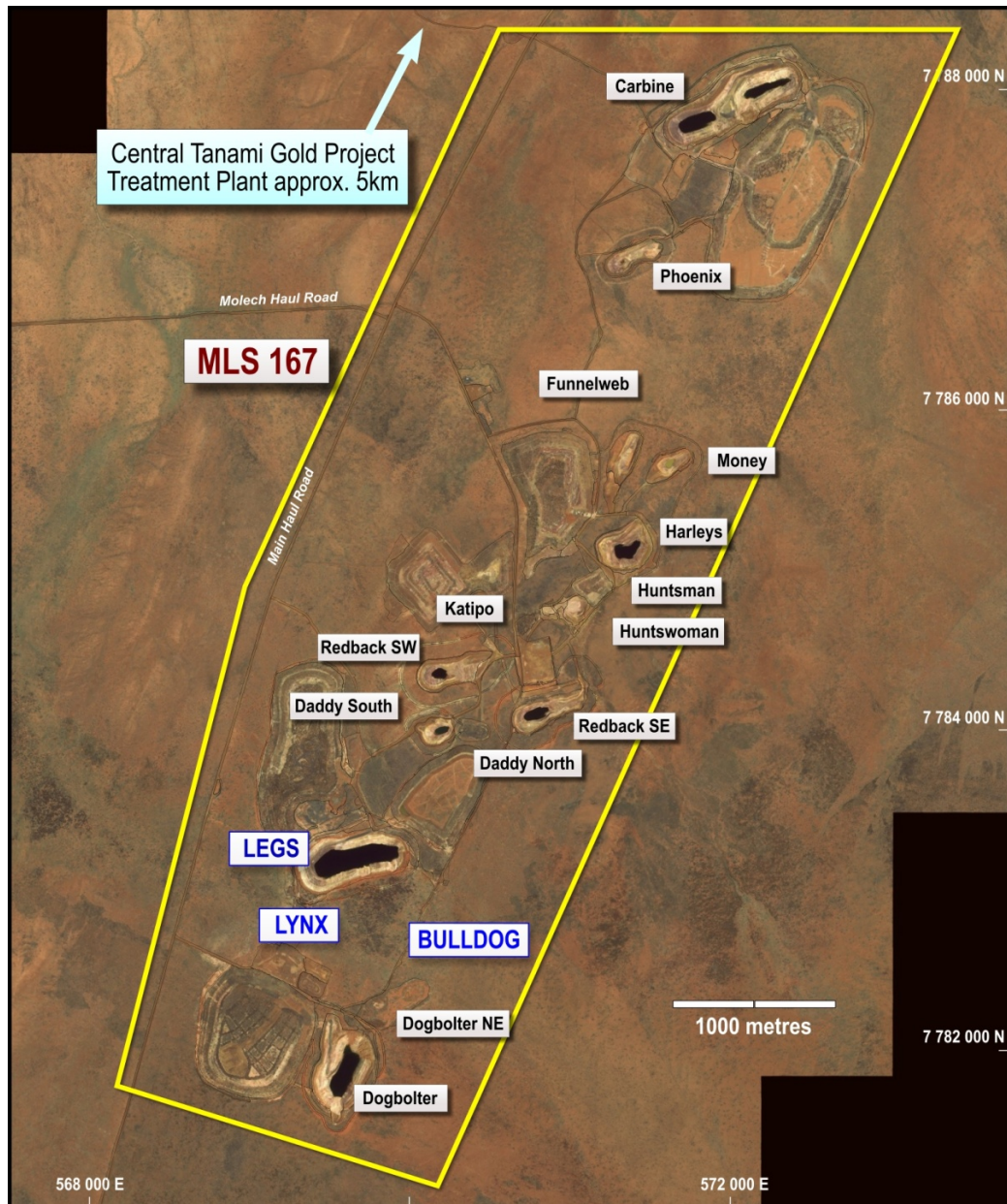


Figure 4: Aerial photograph of MLS167 showing existing pits and prospects

# quarterly report

FOR THE PERIOD ENDING 31 DECEMBER 2010

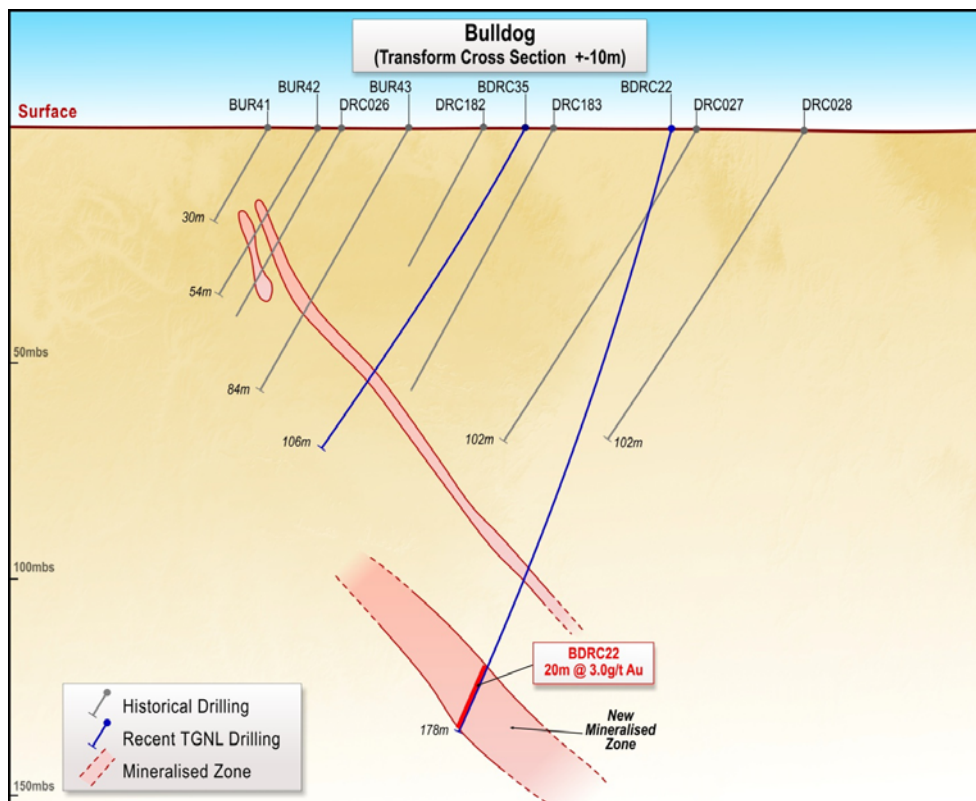


Figure 5: Bulldog Deposit cross section showing new mineralised zone intersected in BDR22

## Western Tanami Project

Exploration drilling on the Western Tanami tenements during the Quarter consisted of RC, DC and AC programs undertaken at four prospects. RC and surface DC drilling totalling 2,289 metres in six holes was conducted at Sandpiper and Coyote, underground diamond drilling of 1,340 metres in 25 holes was completed at Coyote and 4,664 metres of regional AC reconnaissance programs were conducted at Popeye and Olive. Prospect locations are shown in Figure 6.



# quarterly report

FOR THE PERIOD ENDING 31 DECEMBER 2010

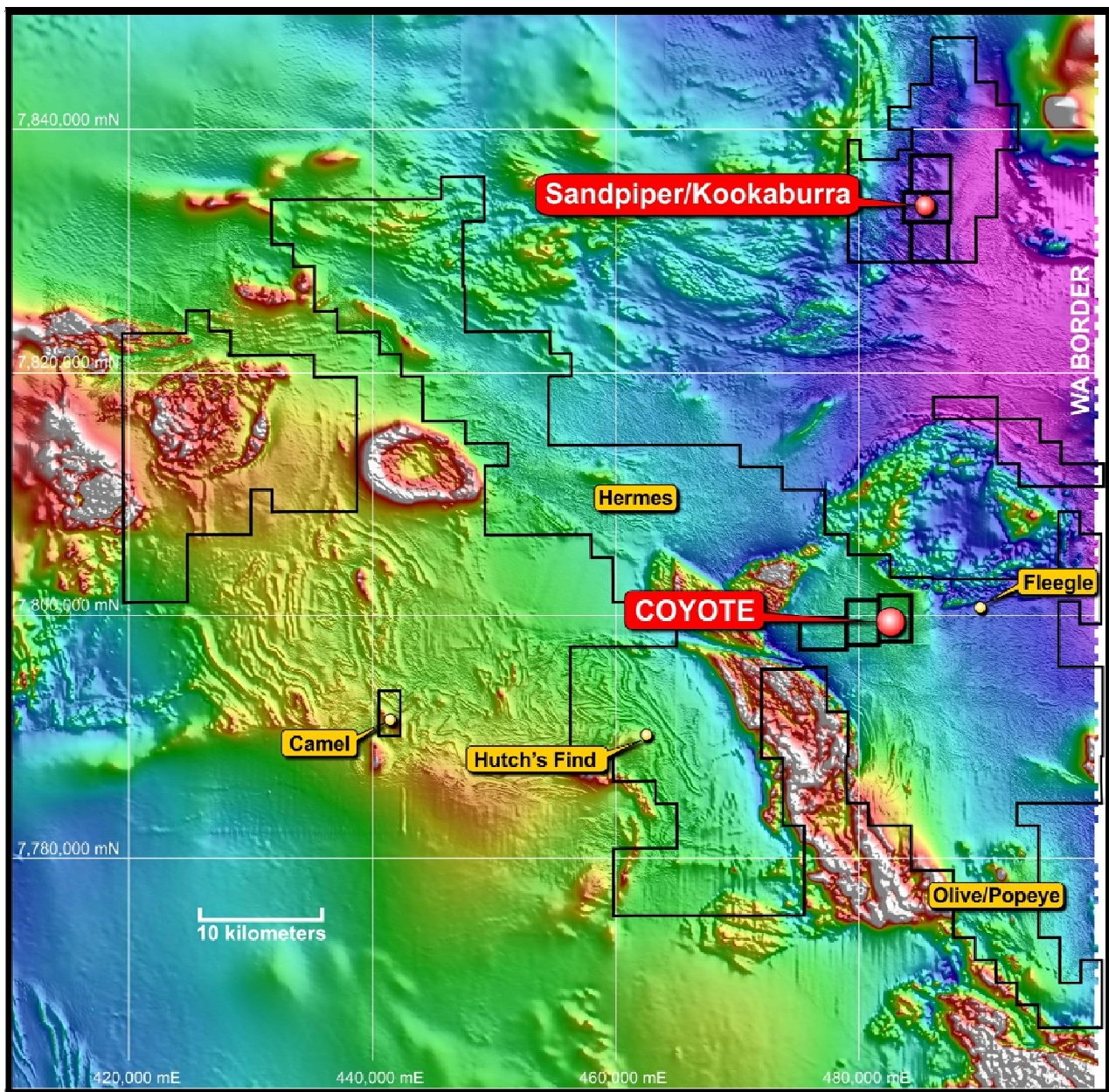


Figure 6: Western Tanami prospect locations on aeromagnetics image

## Sandpiper

One DC hole, SPDD17A, was completed at Sandpiper in order to test the down plunge component to the mineralisation in a step out of approximately **100 metres to the east of hole SPDD14** which intersected four strongly mineralised lodes. SPDD17A intersected multiple parallel lodes providing significant intersections including **2.2 metres @ 6.6g/t Au from 316 metres and 4.1 metres @ 3.3g/t Au from 320.9 metres** (see Table 3).

All lodes within the **Sandpiper system remain open along strike to the east, up and down dip and down plunge** (see Figure 7), providing further strong evidence of the potential to support future underground mining operations. Accordingly, further drilling is proposed.

# quarterly report

FOR THE PERIOD ENDING 31 DECEMBER 2010

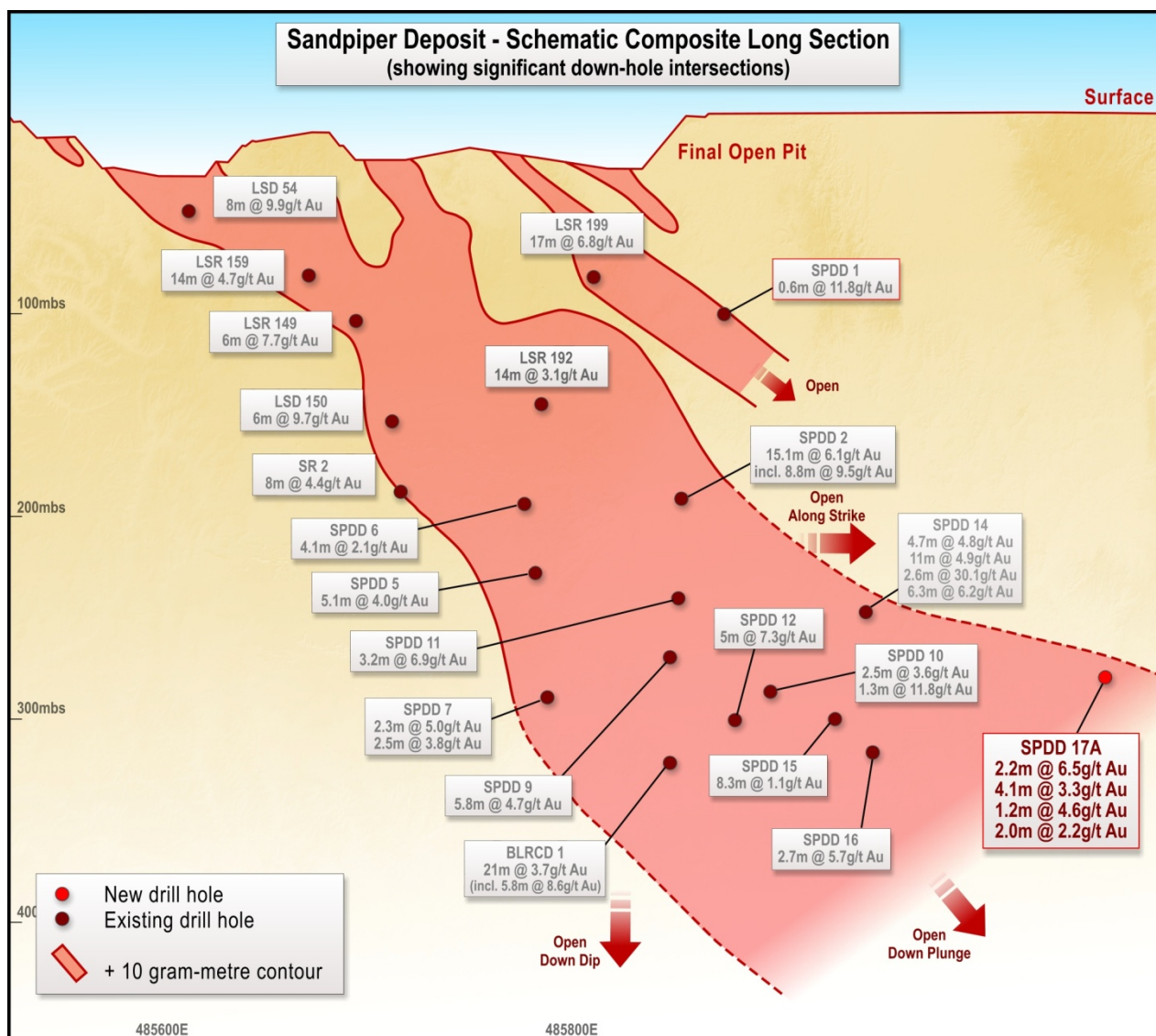


Figure 7: Sandpiper Deposit schematic long section

## Coyote West Lode

Surface diamond drilling of the Coyote West Lode vein system was conducted during the Quarter. The Coyote West Lode is the lateral equivalent of the Gonzales and South Zone veins located in an area of minimal vertical displacement of the Coyote Fault zone. This drilling was designed to infill existing intersections of the steep West Lode and to test the high grade flat and steep dipping equivalents of the South Zone across the Buggsy Fold hinge.

Five holes were completed during the Quarter for a total of 1,609 metres. Mineralised veins were intersected at the predicted lode positions which indicate continuity of the system and both the West and South Lode equivalents. Further drilling of this section of the deposit will be completed by underground diamond drilling from the 207 West drive. Significant intersections from holes CYDD175 and CYDD176 of this program are shown in Table 3.

## Coyote Underground

Diamond core drilling within the Coyote underground mine during the Quarter was undertaken utilising the Company's owned and operated drill rig. Programs included infill patterns on parts of the Gonzales veins and testing for extensions to West Lode and South Lode. A total of 25 holes for 1,340 metres were completed.



# quarterly report

FOR THE PERIOD ENDING 31 DECEMBER 2010

Broad high-grade zones from the **GZ12 vein position in Gonzales were intersected in several holes and included 9 metres @ 20g/t Au from 10 metres in CYUG103 and 7.4 metres @ 14.3g/t Au from 9 metres in CYUG104**. The improved definition of this zone will have a positive impact on future mine production. South Lode veins also yielded strong high grade results including **1.8 metres @ 25.5g/t Au from 37.3 metres in CYUG121, 1.0 metre @ 218.4g/t Au from 46.0 metres in CYUG119 and 0.9 metres @ 126.2g/t Au from 42.1 metres in CYUG106** (see Table 3).

Underground DC drilling is ongoing with a combination of programs testing deeper exploration targets and in-fill mine development and grade control.

**Table 3: Western Tanami Project drill hole locations and significant intersections**

Hole Number	Collar Easting	Collar Northing	Collar RL	Collar Dip	Collar Azimuth	Hole Depth (m)	Significant Intersections			Deposit
							Interval	Length (m)	Grade (g/t)	
SPDD17A	486205.7	7834416.0	373.9	-60	167	502.5	316.0m – 318.2m	2.2	6.6	Sandpiper
							320.9m – 325.0m	4.1	3.3	
							328.4m – 329.6m	1.2	4.6	
							336.3m – 338.3m	2.0	2.2	
CYDD175	481853.0	7799672.9	392.0	-60	180	330.4	75.1m – 77.9m	2.8	3.3	West Lode
CYDD176	481654.2	7799682.9	392.0	-60	180	453.6	276.2m – 276.5m	0.3	25.0	West Lode
CYUG103	74479.2	50037.4	222.8	12	193	80.1	10.0m – 19.0m	9.0	20.0	Gonzales
CYUG104	74479.7	50037.1	222.8	5	167	80.1	9.0m – 16.4m	7.4	14.3	Gonzales
CYUG106	74552.8	50057.6	221.8	6	180	55.0	42.1m – 43.0m	0.9	126.2	South Lode
CYUG113	74602.6	50068.5	196.2	-53	191	59.2	3.8m – 6.1m	2.3	20.3	Gonzales
CYUG119	74502.2	50063.2	213.4	3.9	220.3	64.1	46.0m – 47.0m	1.0	218.4	South Zone
CYUG121	74501.6	50064.4	211.5	3.2	230.2	84.6	37.3m – 39.1m	1.8	25.5	South Zone

**Notes to accompany Table 3**

1. Sandpiper and West Lode Collar Northing, Easting, and Azimuth are all in MGA Grid coordinates.
2. Gonzales and South Lode Collar Northing, Easting and Azimuth are in Coyote Local Grid coordinates. Collar positions may vary upon survey pickup.
3. Collar RL is AHD.
4. Analyses by 50g fire assay with AAS finish or 200g PAL accelerated cyanide leach with AAS finish.
5. No cutting of grades has been applied. Assays are rounded to nearest 0.1g/t.
6. Significant intersections are greater than 1g/t with maximum 2 metres internal dilution.
7. Intervals are all down hole length.

## Regional Aircore Programs

The regional aircore reconnaissance campaign drew to a close for the 2010 field season during the December Quarter with the completion of the first-pass program at Olive and Popeye. In total, 4,664 metres were drilled in 110 holes for the period.

This program is the first major drilling campaign undertaken within these tenements and has targeted favourable rock sequences and structures interpreted from remote sensing data and limited regional mapping. The wide spaced drilling has yielded anomalous gold and coincident gold pathfinder elements from varying depths within bedrock across the area and follow up programs are planned.

Evaluation of results from all reconnaissance programs conducted during 2010 is complete and planning of follow up programs for the 2011 field season is well advanced. Of particular interest is the Cuckoo prospect at Bald Hill. Single metre re-splits of AC composite samples from Cuckoo returned an interval of 1 metre @ 1.5g/t Au from 21 metres and **1 metre @ 40.5g/t Au from 23 metres in CCAC8** (AMG 485997mE 7836997mN). This zone is coincident with lower order anomalism in adjacent AC holes and appears to occur in a parallel structure to the main Cuckoo deposit. RC drilling is planned as follow up at this prospect.



# quarterly report

FOR THE PERIOD ENDING 31 DECEMBER 2010

## Resource Estimate

Geological modelling and re-estimation of Mineral Resources for the Central Tanami deposits drilled since the Company acquired the project in March 2010 commenced during the December Quarter. An updated Mineral Resource Estimate for the Central Tanami Project is scheduled for completion early in the March 2011 Quarter.

**Table 4: Central Tanami Project Mineral Resources as at 30 April 2010**

Mineral Lease	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
<b>Total</b>	<b>6,518,000</b>	<b>2.5</b>	<b>514,000</b>	<b>3,467,000</b>	<b>3.3</b>	<b>373,000</b>	<b>1,692,000</b>	<b>3.2</b>	<b>174,000</b>	<b>11,677,000</b>	<b>2.8</b>	<b>1,061,000</b>

### Notes to accompany Table 4

1. Resource estimation completed using MineMap software comprising an ellipsoidal inverse distance grade interpolation method.
2. Grade estimation was constrained to material within >0.5g/t mineralisation outlines.
3. 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.
4. Resources reported above 0.7g/t block model grade constrained within pit shells optimised at A\$1350 per ounce gold price.
5. 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.
6. Stockpile figures from previously reported Otter Gold Mines Limited 2001 Mineral Resource estimate less recorded treatment by Newmont Asia Pacific.
7. Tonnes and ounces rounded to the nearest thousand and grade rounded to 0.1g/t. Rounding may affect tallies.

**Competent Person:** The information in this report pertaining to Mineral Resources for the Central Tanami Project was compiled by Mr Bill Makar (MAusIMM), former Chief Mine Geologist for Otter Gold Mines Limited Tanami Mine Joint Venture. Mr Makar is contracted to Tanami Gold NL 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 Makar has provided written consent to Tanami Gold NL for the inclusion in the report of the matters based on his information in the form and context in which they appear.

## CORPORATE

### Financial

The Company achieved a cash cost for the December 2010 Quarter of A\$812 per ounce, representing a decrease of 15% from the cash cost per ounce of A\$960 reported for the September 2010 Quarter.

### Cash and Cash Equivalents

As at 31 December 2010, the Company had **cash and gold on hand of \$8.9 million** up from \$8.1 million as at 30 September 2010.

The Company also retains significant ROM stocks of 76,291 tonnes which contain approximately 4,064 ounces of gold.

### Loan Facilities

On 13 December 2010, the Company entered into a loan agreement with Hong Kong based AP Finance Limited for HK\$152 million. As at 31 December 2010, total funds available to be drawn down under this loan agreement were approximately A\$19.232 million. As at 31 December 2010, the Company had drawn down a total of HK\$41 million which equated to approximately A\$5.188 million.

**GRAEME SLOAN**  
**MANAGING DIRECTOR/CEO**