TANAMI GOLD NL

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# FURTHER HIGH GRADE INTERSECTIONS FROM CENTRAL AND WESTERN TANAMI PROJECTS

***KEY POINTS***

- ***Initial drilling at the Groundrush deposit returns visible gold from three of the first four diamond drill holes. Assay results from the first two holes include:***
  - ***2.6 metres @ 13.8g/t Au from 346.5 metres in GRDD1***
  - ***8.5 metres @ 5.3g/t Au from 235.5 metres in GRDD2***

- ***Results from ongoing deeper diamond drilling at the Central Tanami Project have extended mineralisation at the Carbine and Phoenix deposits with best intersections including:***
  - ***8.5 metres @ 5.3g/t Au from 235.5 metres in CADD2***
  - ***2.9 metres @ 5.1g/t Au from 144.2 metres in CADD11***
  - ***6.0 metres @ 5.1g/t Au from 151.0 metres in CADD20***
  - ***2.9 metres @ 12.1g/t Au from 144.0 metres in PHDD1***

- ***Further high grade gold intersections returned from underground diamond drilling at the Coyote Mine including:***
  - ***0.6 metres @ 1,409g/t Au from 63.6 metres in CYUG159***
  - ***2.1 metres @ 174g/t Au from 70.3 metres in CYUG160***
  - ***0.3 metres @ 179g/t Au from 36.7 metres in CYUG161***
  - ***1.7 metres @ 14.7g/t Au from 80.7 metres in CYUG163***

Australian gold producer Tanami Gold NL (ASX:TAM – 'Tanami' or 'the Company') is pleased to report that ongoing exploration at both its Western and Central Tanami projects is continuing to yield outstanding results, with the latest drilling results further demonstrating the potential of the Company's projects to deliver a significant increase in Resources which will underpin the Company's objective to increase gold production to 200,000 ounces per annum.

**Central Tanami Project**

Diamond drilling is continuing at the Central Tanami Project in the Northern Territory, with three rigs currently focused on completing a major Resource extension program at the Groundrush deposit. Four diamond core holes have been completed to date, with **visible gold** observed in three of the holes. Assay results from holes GRDD1 and GRDD2 have returned significant intervals of high grade gold mineralisation including **2.6 metres @ 13.8g/t Au from 346.5 metres in GRDD1 and 8.5 metres grading 5.3g/t Au from 235.5 metres in GRDD2.**

The Groundrush open pit produced in excess of 600,000 ounces of gold from 2001 to 2004 at a recovered grade of 4.3g/t. To date, only limited deep drilling has been conducted along the entire 1.6 kilometre strike length of the deposit. Tanami is currently targeting extensions to the mineralisation both at depth and along strike with a view to ore production through open pit and/or underground mining. Drilling will initially concentrate on an interpreted high grade zone immediately beneath the existing open pit as depicted in Figure 1.

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Results have also been received from diamond drilling at the Carbine and Phoenix deposits. At Carbine, infill and extensional drilling of the deeper Resource area being targeted for future underground mining has returned a number of significant intersections including **2.9 metres @ 5.1g/t Au from 144.2 metres in CADD11, 7.6 metres @ 3.0g/t Au from 174.1 metres in CADD16, 6.0 metres @ 5.1g/t Au from 376.0 metres in CADD20 and 9.6 metres @ 2.3g/t Au from 643.7 metres in CADD21**. Further assay results are awaited for this phase of drilling at Carbine and underground mine design studies are well advanced.

Two diamond holes recently drilled at Phoenix, located 500 metres south of Carbine in a parallel structure, returned significant intersections of **2.9 metres @ 12.1g/t Au from 144.0 metres and 5.5 metres @ 2.0g/t Au from 183.7 metres in PHDD1** together with **2.4 metres @ 4.5g/t from 230.9 metres in PHDD2**. These are the first diamond core holes the Company has drilled at Phoenix and further drilling is planned to follow up these encouraging results to extend coverage both along strike and at depth. The proximity of Phoenix to the proposed Carbine underground development will potentially enable both deposits to be exploited in tandem.

Significant intersections from recent Central Tanami Project drilling are shown in Table 1.

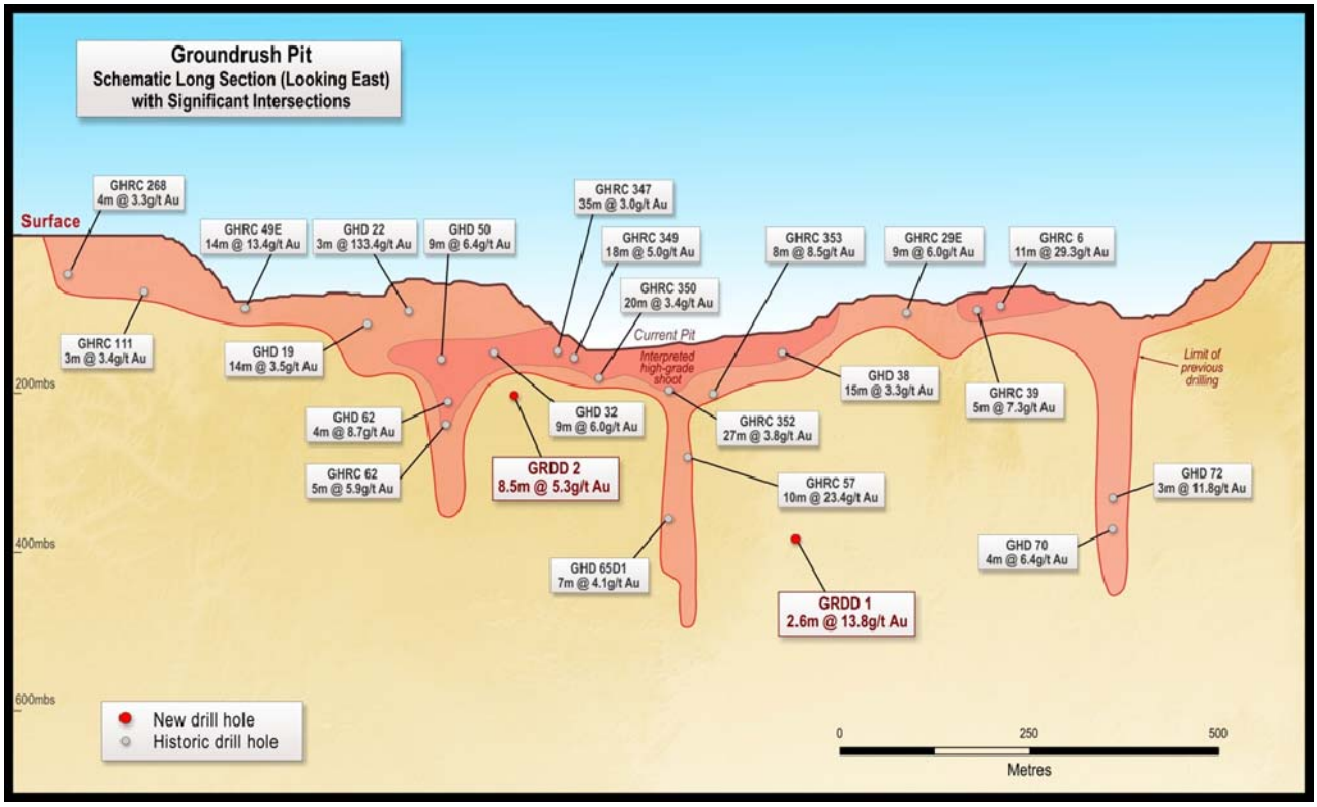


**Figure 1 – Groundrush Schematic Long Section showing significant historic and recent drill holes**

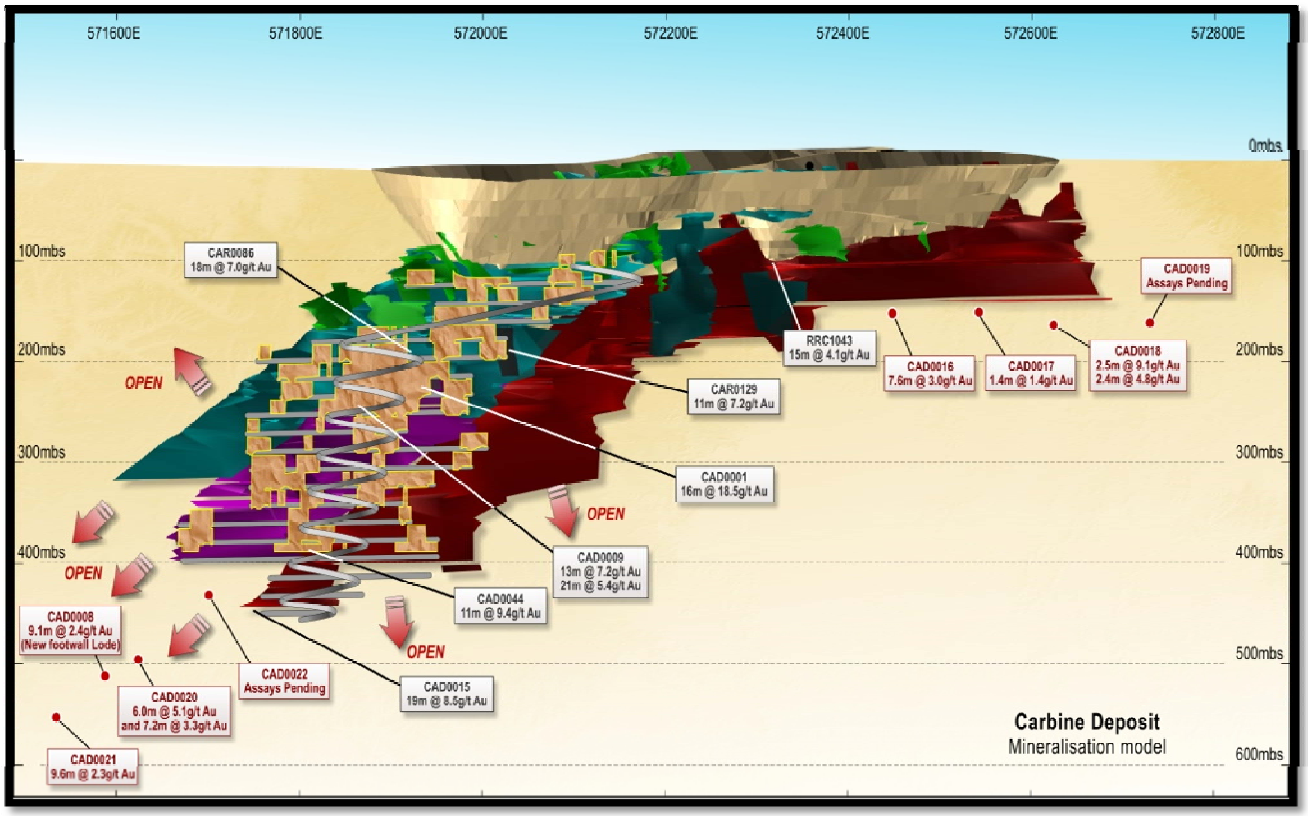


**Figure 2 – Carbine Deposit Long Section showing conceptual underground development and significant intersections from recent drilling**

## Table 1 – Central Tanami Project Significant Intersections from recent diamond drilling

| Deposit | Hole ID | Easting | Northing | Collar RL | Colla r Dip | Collar Azimuth | Hole Depth | Depth From | Depth To | Width | Grade g/t Au |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Groundrush | GRDD1 | 603980.0 | 7819851.0 | 420.0 | -57 | 50 | 447.7 | 346.5 | 349.1 | 2.6 | 13.8 |
| Groundrush | GRDD2 | 603856.7 | 7820236.0 | 420 | -48 | 50 | 333.8 | 235.5 | 244.0 | 8.5 | 5.3 |
| | | | | | | | | Inc 239.5 | 243.0 | 3.5 | 8.1 |
| Carbine | CADD11 | 572113.6 | 7787836.2 | 417.4 | -60 | 334 | 381.9 | 144.2 | 147.1 | 2.9 | 5.1 |
| | | | | | | | | 366.8 | 368.4 | 1.6 | 4.8 |
| Carbine | CADD16 | 572437.0 | 7788051.0 | 416.0 | -48 | 334 | 279.8 | 174.1 | 181.7 | 7.6 | 3.0 |
| Carbine | CADD18 | 572512.0 | 7788074.0 | 416.0 | -50 | 334 | 210.5 | 151.0 | 153.4 | 2.4 | 2.3 |
| | | | | | | | | 156.5 | 159.0 | 2.5 | 3.2 |
| Carbine | CADD20 | 571544.6 | 7787764.7 | 425.7 | -75 | 334 | 634.1 | 376.0 | 382.0 | 6.0 | 5.1 |
| | | | | | | | | 549.6 | 556.8 | 7.2 | 3.3 |
| Carbine | CADD21 | 571638.8 | 7787570.3 | 424.0 | -63 | 334 | 700.0 | 643.7 | 653.3 | 9.6 | 2.3 |
| Hurricane | HRDD9 | 574977.4 | 7792234.5 | 439.7 | -48 | 310 | 337.5 | 47.5 | 49.7 | 2.2 | 2.5 |
| Phoenix | PHDD1 | 571449.1 | 7786974.8 | 421.6 | -60 | 334 | 262.9 | 144.0 | 146.9 | 2.9 | 12.1 |
| | | | | | | | | 183.7 | 189.2 | 5.5 | 2.0 |
| Phoenix | PHDD2 | 571688.2 | 7787068.7 | 418.9 | -60 | 334 | 260.4 | 230.9 | 233.3 | 2.4 | 4.5 |

**Notes to accompany Table 1**

1. Collar Northing, Easting and Azimuth are all in MGA Grid coordinates. Collar RL is relative to AHD. Collar coordinates may vary upon final survey.
2. Analyses by 50g fire assay with AAS finish of half diamond core samples.
3. No cutting of grades has been applied. Assays are rounded to nearest 0.1g/t.
4. Significant intersections are greater than 1g/t with maximum 2 metres internal dilution.
5. Intervals are all down hole length.

**Western Tanami Project**

Further high grade gold intersections have been received from diamond core drilling of extensions to mineralisation at the Coyote Mine, the Company's flagship deposit within the Western Tanami Operations in Western Australia.

Recent diamond drilling has targeted a deeper, sparsely tested area of the Gonzales Lode below the 164 level mine development. In total 12 holes were completed and significant gold results include **0.6 metres @ 1,409g/t from 63.6 metres in CYUG159 and 2.1 metres @ 174g/t from 70.3 metres in CYUG160.** Other drill holes in this program revealed **visible gold** in quartz veins along the same mineralised horizon as CYUG159 and CYUG160, and assay results are awaited for these holes.

A surface exploration diamond hole at Coyote has also intersected a significant new zone of mineralisation some **170 metres to the north of the mine workings**.

Sampling from CYDD178 returned an interval of **6.1 metres grading 2.8g/t Au from 487.9 metres including 0.3 metres @ 21g/t from 489.9 metres** that contained several occurrences of **visible gold** within quartz veins. This hole was designed to determine the stratigraphic succession and structure beneath the Coyote Mine system and intersected several zones of intense alteration, veining and sulphide accumulation in mafic and sedimentary sequences that are prospective for gold mineralisation. Results are awaited for the remainder of this hole.

Table 2 shows significant intersections received from the latest Coyote diamond drilling:

**Table 2 – Coyote Mine Significant Intersections from recent diamond drilling**

| Hole ID | Easting | Northing | Collar RL | Collar Dip | Collar Azimuth | Hole Depth | Depth From | Depth To | Width | Grade g/t Au | Lode |
|---|---|---|---|---|---|---|---|---|---|---|---|
| CYUG151 | 74449.9 | 50024.2 | 3207.3 | 59 | 155.5 | 59.1 | 36.7 | 37.0 | 0.3 | 179* | South |
| CYUG154 | 74449.3 | 50024.2 | 3209.5 | 17 | 165.5 | 35.5 | 24.0 | 29.0 | 5.0 | 4.0* | South |
| CYUG155 | 74453.0 | 49976.0 | 3197.2 | -40 | 24 | 129.9 | 71.7 | 73.5 | 1.8 | 4.2 | Gonzales |
| | | | | | | | 94.4 | 94.7 | 0.3 | 17.7 | North |
| CYUG159 | 74451.3 | 49974.3 | 3198.1 | -46 | 6 | 80.1 | 63.6 | 64.2 | 0.6 | 1409 | Gonzales |
| CYUG160 | 74451.3 | 49974.3 | 3198.1 | -40 | 301 | 86.1 | 70.3 | 72.4 | 2.1 | 174 | Gonzales |
| CYUG163 | 74451.3 | 49974.3 | 3198.1 | -57 | 324 | 98.1 | 80.7 | 82.4 | 1.7 | 14.7 | Gonzales |
| CYUG169 | 74451.3 | 49974.3 | 3198.1 | -51 | 300 | 131.4 | 85.2 | 87.0 | 1.8 | 7.2 | Gonzales |
| CYDD178 | 74498.1 | 50053.0 | 3392.1 | -65 | 0 | 1206.9 | 487.9 | 494.0 | 6.1 | 2.8 | New Zone |

**Notes to accompany Table 2**

1. Collar Northing, Easting, RL and Azimuth are all in Coyote Local Grid coordinates. Collar coordinates may vary upon final survey.
2. Analyses by 50g fire assay with AAS finish of half diamond core samples.
3. * Analyses by 200 gram PAL accelerated cyanide leach digestion with AAS finish of half diamond core samples.
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.
6. Intervals are all down hole length.

*The information in this report that relates to Geological Data and Exploration Results is based on information compiled 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.*

Managing Director of Tanami, Graeme Sloan, said the results provide further evidence of the outstanding prospectivity of the Company's Western and Central Tanami projects.

"We are continuing to see a flow of excellent exploration results which high lights the potential of both projects to significantly add to our Resource base which will underpin our Company objective to increase gold production to 200,000 ounces per annum," he said.

**Graeme Sloan**
**Managing Director**