



14 July 2011

## FURTHER SIGNIFICANT HIGH GRADE INTERSECTIONS AT GROUNDROUSH AND COYOTE

*The Groundrush deposit continues to grow as a high-grade system with recent drilling intersecting high-grade zones along strike and down dip. Ongoing drilling success at Coyote provides strong platform for growth in Resource base.*

### KEY POINTS

- **Latest drilling at the Groundrush deposit (Central Tanami Project, NT)**
  - 12.7m @15.1g/t Au from 192.2m including 2.3m @ 46.1g/t Au –GRDD16
  - 3.2m @ 41.4g/t Au from 208.6m –GRDD16
  - Visible gold logged in GRDD20, GRDD21, GRDD23, GRDD24, GRDD25, GRDD26, and GRDD28 - assays pending
  
- **Recent drilling at the Coyote deposit (Western Tanami Operations, WA)**
  - 0.3m @ 1,386g/t Au from 31.5m – CYUG206
  - 0.4m @ 460.1g/t Au from 25.0m – CYUG123
  - 0.3m @ 81.3g/t Au from 30.3m and 0.3m @ 15g/t Au from 42.8m – CYUG203

Australian gold producer Tanami Gold NL (ASX: TAM – ‘Tanami’ or ‘the Company’) is pleased to report further significant results from its ongoing extensive diamond drilling program at its 100%-owned **Central Tanami Project** in the Northern Territory as part of the Company's strategy to transition to a mid-tier producer.

Importantly, the latest drilling continues to define gold mineralisation beneath and adjacent to the historic Groundrush open pit, which produced more than 600,000 ounces of gold between 2001 and 2004 at a recovered grade of 4.3g/t Au (see *Figure 1*).

Given the significant results returned from Groundrush in recent months, Tanami aims to provide a Resource update later this year in line with completion of the Central Tanami Feasibility Study.

Tanami's current drill program is targeting the main Groundrush mineralisation that is hosted within a thick fractionated dolerite unit and a discrete high-grade quartz vein located in the southern part of the existing Groundrush pit. Drilling has progressed steadily with a total of 24 holes completed to date. There are currently three diamond drill rigs operating at the Central Tanami Project.

Assay results from holes GRDD16 and GRDD17 have all returned significant gold intervals including:

- **12.7m @15.1g/t Au from 192.2m including 2.3m @ 46.1g/t Au –GRDD16**
- **3.2m @ 41.4g/t Au from 208.6m –GRDD16**
- **4.7m @ 3.2g/t Au from 244m – GRDD17**

Significant intersections from recent diamond drilling are presented in Table 1.

The mineralisation intersected in GRDD16 represents a shallow westerly dipping mineralised zone that crosscuts the previously defined sub-vertical mineralisation. This hole was drilled east to west rather than the usual west to east to further test current interpretations and determine the possibility of obtaining information closer to the base of the open pit.

Based on core orientations and intersection angles, GRDD16 is interpreted to be sub parallel to a westerly dipping mineralised vein which has an interpreted true width of around 4.5 metres. Current interpretations suggest these flatter zones occur as “stacked vein sets” spaced at approximately 20 metre intervals and dipping at 40 degrees to the southwest. An elevation in gold tenor has been observed where these flatter veins intersects the main sub-vertical mineralised zone, resulting in “bonanza” style gold grades.

In addition to the westerly dipping mineralised vein sets, there is also evidence to suggest the existence of a similar set of flatter veins that are easterly dipping and have only become apparent after closer spaced drilling. These easterly vein sets are evident in the historic grade control drilling for the original Groundrush open pit and provide an opportunity to increase Resource ounces through the delineation of additional high grade zones that are not obvious in broader spaced definition drilling.

Tanami’s Managing Director, Mr Graeme Sloan, said, “our current drill program continues to provide a steady stream of outstanding high grade intersections and once again validates our decision to acquire the Central Tanami Project.”

Given the latest assay results and that 7 of the last 10 diamond holes contain visible gold, the Groundrush orebody is showing the potential of becoming a major gold system that has the capacity to underpin long term production at the Central Tanami Project.

The consistency of the drilling intersecting the main zone of mineralisation and the identification of new flat zones of mineralisation, provides further evidence that we have a mineralised system that will support the Company’s transition into the ranks of a mid-tier gold producer.

“Tanami is committed to fast-tracking development and production at Central Tanami (subject to the successful completion of the Central Tanami Feasibility Study) to complement our established operation at Western Tanami.” Mr Sloan said

Mr Sloan added that “despite having released an updated Resource statement in February this year, the consistent flow of results from Central Tanami since then, should enable the Company to provide a further update later this year in line with completion of the Central Tanami Feasibility Study.”

At the Company’s Western Tanami Coyote underground operations, a number of exceptional down hole intersections were reported from recent Resource and infill drilling programs. These intersections include **0.4m @ 460.1g/t Au from 25.0m in CYUG123** which appears to be the down plunge extension of the high grade South Lode, **0.3m @ 1,386g/t Au from 31.5m in CYUG206**, and **0.3m @ 81.3g/t Au from 30.3m** and **0.3m @ 15g/t Au from 42.8m in CYUG203** from infill drilling of the Bommie Lode.

Given the numerous drill targets identified at Coyote, a second underground diamond drill is expected to be deployed early next month to fast track Resource and infill drilling at the Coyote underground operations.

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

The information in this report that relates to Geological Data and Exploration Results is based on information compiled by Mr Michael Thomson, a full time employee and Resource Geologist of Tanami Gold NL. Mr Thomson is a member of the Australasian Institute of Mining and Metallurgy 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 Thomson consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.

**Table 1 : Significant intersections from recent Groundrush diamond drilling**

Hole ID	Collar Easting	Collar Northing	Collar RL	Collar Dip	Collar Azimuth	Hole Depth	Depth From	Depth To	Interval Width	Grade g/t Au
GRDD1	603980	7819851	420	-57	50	447.7	346.5	349.1	2.6	13.8
GRDD4	603888	7820109	420	-48	58.5	309.9	243.1	291.0	47.9	3.2*
							Inc 243.1	255.9	12.8	2.6
							Inc 259.2	291.0	31.8	3.8
GRDD6	603871	7820313	420	-48	47.5	276.6	303.0	304.9	1.9	5.1
							188.5	209.4	20.9	3.5
							Inc 196.6	203.0	6.4	5.4
GRDD7	603853	7820102	420	-48	56	420.8	225.1	231.0	5.9	3.2
							275.3	295.7	20.4	3.1*
							Inc 275.3	276.8	1.5	16.9
GRDD8	603866	7820310	420	-55	48	336.5	302.0	303.3	1.3	7.9
							307.0	319.0	12.0	4.2
							170.0	173.2	3.2	2.8
							183.9	188.2	4.3	159.5*
							Inc 185.0	187.0	2.0	341.6
GRDD9	603830	7820352	420	-53	46.5	325	224.4	235.6	11.2	3.7+
							239.0	245.8	6.8	53.2+
GRDD10	603869	7820379	420	-52.5	46.5	420.6	273.0	278.0	5.0	7.1
							225.9	230.8	4.9	3.7
GRDD11	603867	7820179	420	-50	51.5	408.7	182.5	184.2	2.2	5.8
							239.0	245.2	6.2	3.0
							311.0	322.2	11.2	3.7
GRDD13	603862	7820146	420	-50	48.5	415.9	Inc 311.0	315.0	4.0	6.8
							288.1	294.5	6.4	4.4
GRDD16							192.2	204.9	12.7	15.12
							inc 199	201.3	2.3	46.1
GRDD17							208.6	211.8	3.2	41.3
<i>Previously reported (14/06/11)</i>										

**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 0.5g/t with maximum 2 metres internal dilution.
5. \*Significant intersections for GRDD8 are greater than 0.2g/t with maximum 3 metres internal dilution
6. Intervals are all down hole length.
7. + Previously reported as 9.5m @ 38.8g/t.

**Table 2: Significant intersections from Coyote UG diamond drilling**

Hole ID	Collar Easting	Collar Northing	Collar RL	Collar Dip	Collar Azimuth	Hole Depth	Depth From	Depth To	Interval Width	Grade g/t Au
CYUG0123	74206	49948	203	-82	180	50	25	25.4	0.40	460.4
CYUG0201	74658	50112	145	-11	297	70.5	39.6	39.9	0.30	6.5
CYUG0203	74659	50112	145	-17.5	10.7	86.4	30.3	30.6	0.30	81.3
							42.8	43.1	0.30	15.0
CYUG0206	74658	50112	144	-46.5	335	82.2	31.5	31.8	0.30	1386

**Notes to accompany Table 2**

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. Intervals are all down hole length.

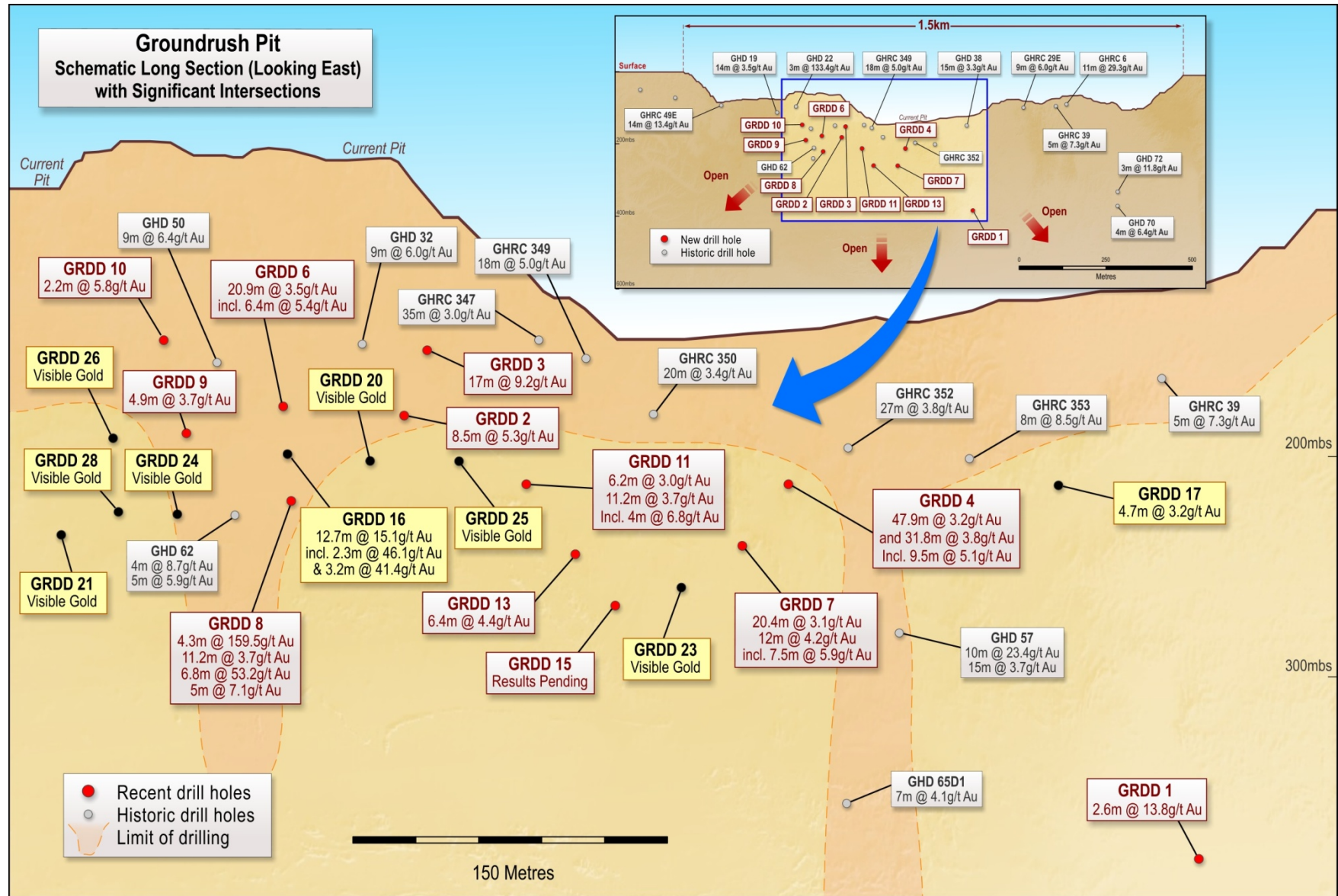


Figure 1 : Groundrush schematic long section showing significant historic and recent drill results

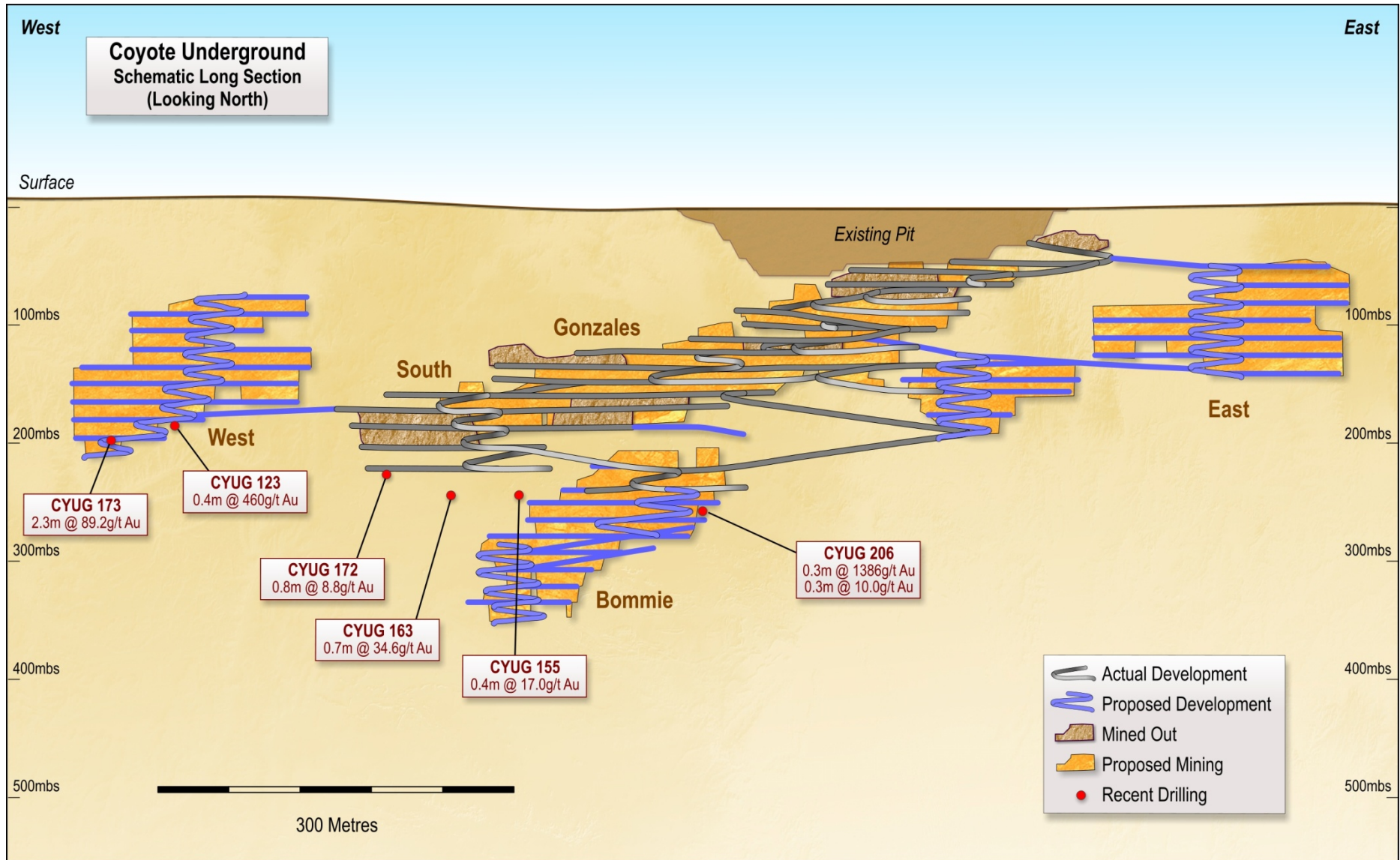


Figure 2 : Coyote Underground Schematic Long Section