

quarterly report

FOR THE PERIOD ENDING
31 MARCH 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

New Central Tanami acquisition finalised...

- Tanami **completes A\$22.0M acquisition of the Central Tanami Gold Project** (formerly known as the Groundrush Gold Project) in the Northern Territory. Transaction includes:
 - **516,000oz** of JORC Code compliant resources
 - **1.2Mtpa** Central Tanami treatment plant and associated infrastructure
 - **World-class exploration package**
- **Approvals in place** to commence Resource and Reserve definition drilling by mid-May 2010.
- Tanami to **target 200,000oz per annum** production within two years.
- Key Consultants and Project Management Team appointed.
- Significant diversification and operational synergies alongside Tanami's 50,000oz per annum Western Tanami Gold Operations (previously the Coyote Gold Mine).

Solid production Quarter with lower costs...

- The Western Tanami Gold Operations produced **10,456 ounces at a cash cost of A\$672 per ounce** for the March 2010 Quarter (December 2009 Quarter: 11,783 ounces at A\$746 per ounce). As at the end of the March 2010 Quarter, YTD cash cost was A\$691 per ounce.
- Bald Hill Open Pit Operations continue to deliver above expectations with **increased grade and overall ounces**.
- Independent optimisation studies indicate that an **expanded operation at Bald Hill is viable**, with a revised mine plan nearing completion.
- **Surface Run-Of-Mine (ROM) stockpile increased by 64% to 109,300 tonnes**, containing **9,950 ounces**.

Positive exploration results continue to flow from Western Tanami...

- Surface diamond drilling at Bald Hill confirms continuity and high-grade nature of the Sandpiper mineralisation beneath the current mine development. Significant down-hole intersections include:
 - **15.1m @ 6.2g/t** from 202.0m in SPDD2
 - **5.8m @ 4.7g/t** from 275.2m in SPDD9
 - **6.1m @ 8.7g/t** from 176.5m in SPDD11
 - **3.2m @ 6.9g/t** from 251.0m in SPDD11
 - **5.0m @ 7.3g/t** from 345.2m in SPDD12

Corporate...

- **A\$37M loan facility** negotiated with AP Finance Limited to fund the Central Tanami Gold Project acquisition, meet associated cash-backed bond requirements related to rehabilitation obligations and provide working capital.
- **A\$5M loan facility** negotiated with Eurogold Limited to fund the Company's participation in the ABM Resources NL share placement announced on 22 February 2010.
- **Cash and gold on hand of A\$9.8 million** (up from A\$5.4 million at the end of the December 2009 Quarter).

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OPERATIONS – Western and Central Tanami

Summary

- Despite delays due to several heavy rainfall events and an unscheduled mill shutdown, the Western Tanami Gold Operations in Western Australia posted a solid operating performance for the March Quarter with production of **10,456 ounces of gold**. Cash costs decreased by 10% to **A\$672 per ounce** while year-to-date cash costs decreased to **A\$691 per ounce**.
- Approximately 85% of the gold produced for the Quarter was sourced from mine ore development. A return to normal production-development ratios is expected for the June 2010 Quarter, which should see cash costs decrease further.
- As part of a strategy to establish multiple stope production areas, a detailed mine plan to access deeper and adjacent ore zones at the Coyote underground mine (Bommie, North and West Lodes) has been completed. Development to access these areas is expected to commence in the June 2010 Quarter.
- Phase 1 open pit mining at the Bald Hill satellite pits (Sandpiper and Kookaburra), located 35 kilometres north of the Coyote processing plant, continue to deliver positive grade and tonnage reconciliations. Late in the Quarter, mining operations were temporarily suspended due to the significant increase in the open pit ROM stockpile and to allow completion of a revised expanded mine plan for the Bald Hill open pits.
- A strategic plan for the rapid development of the newly acquired Central Tanami Gold Project is well advanced. The Company has appointed engineering consultants to assist with project execution and to provide detailed metallurgical and engineering expertise in readiness for the refurbishment of the Central Tanami processing facility.
- An engineering study is also underway at the Western Tanami Operations reviewing options to increase the Coyote processing plant throughput to 600,000tpa.

Table 1.0 – 2008-09 and 2009-10 Quarterly Production Summary

Qtr	Underground			Open Pit			Total					
	Tonnes Treated	Grade g/t	Ounces	Tonnes Treated	Grade g/t	Ounces	Tonnes Treated	Grade g/t	Ounces	Recovery	Gold Sales Ozs	Average Sale Price/oz \$A
Sep-08	7,800	9.1	2,206	15,900	4.2	2,055	23,800	5.8	4,261	96.4	8,751	985
Dec-08	16,500	6.1	3,120	27,700	1.0	832	44,200	2.9	3,952	96.2	4,008	1,169
Mar-09	16,500	9.4	4,848	14,700	2.5	1,123	31,200	6.1	5,971	97.0	5,691	1,345
Jun-09	33,000	7.0	7,242	15,400	3.9	1,894	48,400	6.0	9,136	97.4	7,815	1,220
TOTAL	73,800	7.6	17,416	73,700	2.6	5,904	147,600	5.1	23,320	96.8	26,265	1,180
Sep-09	33,285	8.3	8,833	38,853	3.2	3,988	72,138	5.5	12,821	97.3	13,123	1,151
Dec-09	35,684	8.3	9,285	13,782	5.8	2,499	49,465	7.6	11,783	96.9	11,076	1,213
Mar-10	36,465	7.3	8,198	14,119	5.2	2,258	50,583	6.7	10,456	96.1	9,081	1,231
TOTAL	105,433	8.0	26,316	66,754	4.2	8,745	172,186	6.5	35,061	96.8	33,280	1,198

Underground Mining

The Coyote underground operations produced approximately 36,500 tonnes at a calculated head grade of 7.3g/t Au with approximately 80% of the production derived from level ore development. Total mine development for the Quarter was 1,600 metres with approximately 20% being capital development. The main Coyote decline is scheduled to reach the 164 level during the June 2010 Quarter.

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Work commenced on upgrading the primary ventilation circuit during the Quarter in preparation for the extension of the main decline to access the deeper lodes including extensions to the high grade Gonzales and Bommie lodes. South Zone ore development focused on four levels (231, 219, 207 and 194) with the latest geological interpretation of the ore-body indicating that the high grade South Zone continues further east than previously modelled.

The average development grade for the South Zone during the quarter was 11.7g/t over an average mining width of 2.2 metres. Face samples of quartz veins assayed at the site laboratory returned a number of results in excess of 5,000g/t, indicating the very high grade nature of the system.

Development of the main Gonzales ore body reached the 181 metre level (approximately 203 metres below the surface) where the stacked nature of the gold-bearing quartz veins was again exposed. Excellent development grades were produced from the 181 level (average of 9.8g/t) at a mined width of approximately 4.5 metres, indicating the potential for further down dip extensions of the Gonzales Lode. Individual face grades at depth continue to reflect the high grade nature of the Gonzales lode, with some of the higher intersections including **4.5m @ 33.8g/t**, **3.8m @ 26.7g/t** and **5.3m @ 18.9g/t**.

Mechanised long-hole stoping continued throughout the Quarter, albeit on a limited basis. Ore was sourced mostly from the 243 level with mining widths in excess of 4 metres.

Surface Mining

Bald Hill

The Bald Hill deposits (Sandpiper and Kookaburra), which are located approximately 35 kilometres north of the Coyote processing plant, continued to perform well during the Quarter. Total ore production for the Quarter from these deposits totalled 58,331 tonnes at 2.7g/t.

A concerted mapping regime of the newly-exposed batters in the two pits has improved the geological understanding of the deposits, enabling improved exploitation of the ore-bodies.

Towards the close of the Quarter, mining was temporarily suspended due to the build-up of the ROM surface stockpile and the need to complete a revised and expanded mine plan for the Bald Hill open pits. The new mine plan is expected to be completed during the June Quarter with the aim of recommencing mining soon after.

Processing and Metallurgy

Gold production for the March 2010 Quarter was 10,456 ounces from a mill throughput of 50,583 dry tonnes at a calculated head grade of 6.7g/t and a recovery of 96.1%. Ore processed comprised 40,604 tonnes from underground and 9,979 tonnes from the Bald Hill open pits.

A crushing contractor was mobilised to site during the Quarter, however equipment damage and delays in sourcing a replacement due to the onset of the wet season meant the improved mill throughput anticipated from a smaller mill feed size has been limited. A replacement unit is now on site and improved crushing rates are expected.

An improvement in plant leach capacity has been gained by recommissioning three small unused leach tanks. Options for further improvements in overall plant capacity are being investigated with a view to increasing both throughput and recovery. The Company is also considering the installation of a cone crusher together with additional leach/adsorption capacity, elution circuit upgrade and possibly additional milling capacity.

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EXPLORATION

The Company continued exploration and Resource definition drilling programs throughout the Quarter. Surface diamond and Reverse Circulation (RC) drilling in the Bald Hill area was stepped up while Phase I of the underground diamond drilling program at the Coyote Mine was completed in January 2010. An aircore rig was mobilised to Western Tanami towards the end of the Quarter for reconnaissance exploration programs throughout the Western Tanami Project area.

Underground Exploration

The successful underground diamond drilling program at Coyote was temporarily suspended during the Quarter pending the establishment of additional drill sites and completion of Resource estimates for the Bommie, South and North Zone vein systems. Further diamond drilling is planned following this resource estimation and subsequent optimisation work.

Results have been received for holes completed during the Quarter and for outstanding samples submitted during the December Quarter. A detailed summary of the results is presented in Table 3. Significant assays from the high grade South Zone include **0.3m @ 152.3g/t** from 28m in CYUG71, **0.3m @ 92.8g/t** from 26.8m in CYUG74 and **0.8m @ 31.2g/t** from 55.2m in CYUG87.

Surface Exploration

The principal focus for surface diamond drilling during the Quarter was to continue defining the down-plunge extensions of the Sandpiper mineralisation. This program was expanded beyond the initial plan due to the excellent results returned from hole SPDD2 (15.1 metres grading 6.1g/t from 202 metres as reported in ASX Announcement 11 March 2010) and occurrences of coarse gold in and about the lode horizons in subsequent holes.

A total of 13 holes for 4,044 metres were completed during the Quarter, the details for which are provided in Table 4.

Significant intersections from assay results received during the Quarter include:

- 15.1m @ 6.2g/t from 202.0m in SPDD2
- 5.8m @ 4.7g/t from 275.2m in SPDD9
- 6.1m @ 8.7g/t from 176.5m in SPDD11
- 3.2m @ 6.9g/t from 251.0m in SPDD11
- 5.0m @ 7.3g/t from 345.2m in SPDD12

The Sandpiper mineralisation has now been defined **over 400 metres down plunge** from the base of the open pit (Figure 2). The mineralisation essentially occurs in two parallel, tabular sulphide and quartz lodes that exhibit excellent continuity both down dip and along strike.

The main lodes are interpreted to plunge to the east at about 45° (parallel with the folded host sequence) and they remain open along strike, down dip and down plunge due to the limited current drill coverage. Metallurgical test work on the mineralisation is in progress and additional drilling is planned to further test the continuity of the system.

Four RC holes were completed at the Osprey Prospect during the Quarter to further test near-surface mineralisation within the northern limb of the folded host unit. Details of these holes are shown in Table 5. Significant intersections from this drilling include 6m @ 2.4g/t from 41m in OSRC22 and 3m @ 2.0g/t from 54m in OSRC24A. The next phase of work at Osprey will be to define the mineralisation down plunge through additional RC drilling.

RC and diamond core drilling is scheduled to continue through the June 2010 Quarter across the Western Tanami Project tenements on Resource definition and exploration programs in several target areas. An aircore rig commenced reconnaissance programs in April 2010 on conceptual and less advanced prospects and is scheduled to continue through until the September 2010 Quarter.

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CORPORATE

Acquisition of the Central Tanami Gold Project

On 31 March 2010, the Company announced that it had completed its acquisition of the Central Tanami Gold Project from Newmont Mining Corporation for A\$22 million.

The Central Tanami Gold Project (located approximately 130 kilometres east of the Company's Western Tanami Operations) includes:

- Over 500,000oz of JORC Code compliant Resources.
- The 1.2Mtpa Central Tanami treatment plant and extensive support infrastructure (including offices, workshops, airstrip, 140 person accommodation village, borefield and communication facilities).
- A world-class 2,000km² exploration package comprising 21 Mineral Leases and 16 Exploration Licenses.
- 2.1Moz historic production endowment within the Central Tanami Gold Project Mining Lease area.

The Resource inventory was last optimised in 2001 using a A\$525 and A\$750 per ounce gold price. As a result, the Company is currently completing a detailed review of all past work undertaken within the project area and will shortly update (and publish) a revised Resource inventory.

Initial results of this review have been encouraging, with the Company already successfully identifying at least four priority areas that have the potential for the definition of additional Resources and early production – including the Carbine open pit and other deposits immediately south of the Central Tanami treatment plant.

The Company has received approvals to commence Resource and Reserve definition drilling and a drill rig is currently in transit and is expected to commence drilling by mid May 2010. The Resource and Reserve definition drilling program will be undertaken in conjunction with a Scoping Study targeting the refurbishment and recommissioning of the 1.2Mtpa Central Tanami mill.

The Central Tanami Gold Project Resource is a JORC Code compliant estimate totalling 5.86Mt @ 2.7g/t for 516,000 ounces. A summary of the 2001 Resource is shown in Table 2.0 below:

Table 2.0 - Tanami Mine Joint Venture Mineral Resources as at October 2001

Deposit	Measured		Indicated		Inferred		Total		Ounces
	Tonnes	Grade (g/t)	Tonnes	Grade (g/t)	Tonnes	Grade (g/t)	Tonnes	Grade (g/t)	
Dogbolter Area	366,000	3.8	151,000	3.5	6,000	2.4	523,000	3.7	62,000
Redback Area	615,000	3.4	578,000	5.4	110,000	5.8	1,303,000	4.5	188,000
Jims Area	242,000	2.6	17,000	2.6	23,000	2.2	282,000	2.5	23,000
MLS119-133	198,000	2.2	212,000	2.4	13,000	2.4	423,000	2.3	31,000
MLS153	75,000	2.2	151,000	2.7	35,000	2.9	261,000	2.6	22,000
Molech	312,000	3.8	190,000	3.6	32,000	3.1	534,000	3.7	63,000
Crusade			1,020,000	2.7			1,020,000	2.7	89,000
LG Stockpiles	1,515,000	0.8					1,515,000	0.8	38,000
Total	3,323,000	2.2	2,319,000	3.5	219,000	4.3	5,861,000	2.7	516,000

The information in this report pertaining to Mineral Resources was compiled by Mr Bill Makar (MAAusIMM), former Chief Mine Geologist for Otter Gold Mines Limited Tanami Mine Joint Venture. Significant Intersections calculated at 0.7g/t lower cut off grade. 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 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.

No Resources have been assigned to either the Groundrush (past production >600,000 ounces) or Hurricane-Repulse open pits (past production >250,000 ounces) in the above table.

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Financial

The Company continues its strong focus on cost control across its Western Tanami Gold Operations, which is reflected in both its cash cost per ounce for the Quarter ended 31 March 2010 and its year-to-date cash cost per ounce for the year to 31 March 2010.

Cash costs for the Quarter ended 31 March 2010 were A\$672 per ounce against A\$746 per ounce for the preceding Quarter (a 10% decrease), while year-to-date cash costs to 31 March 2010 were A\$691 per ounce, down slightly from the preceding Quarter of A\$697 per ounce.

Cash and Cash Equivalents

As at 31 March 2010, the Company had cash and gold on hand of A\$9.76 million and gold-in-circuit of A\$0.4 million for a total of A\$10.16 million, up from A\$6.39 million as at 31 December 2009. In addition, the Company again increased its ROM stocks during the Quarter ended 31 March 2010 by approximately 64% from 66,700 tonnes as at 31 December 2009 to 109,300 tonnes as at 31 March 2010.

Loan Facilities

In order to fund the Company's surface and underground exploration programs, the Company drew down the remaining funds available (approximately A\$1.79 million) under its HK\$75 million (approximately A\$10.5 million as at 31 March 2010) loan facility with AP Finance Limited (an entity associated with the Company's major shareholder).

During the Quarter, the Company arranged a A\$37 million loan with AP Finance Limited primarily to fund the Company's acquisition of the Central Tanami Gold Project, meet associated cash backed bond obligations related to the Central Tanami Gold Project rehabilitation requirements and provide working capital.

The Company also arranged a A\$5 million loan with Eurogold Limited primarily to fund the Company's participation in the ABM Resources NL (ABM) share placement announced on 22 February 2010. Tanami Exploration NL (a wholly owned subsidiary of Tanami Gold NL) is the largest shareholder in ABM as a result of the strategic exploration alliance between the Company and ABM (announced during 2009) and has a shareholding in ABM of approximately 21.6%.

GRAEME SLOAN MANAGING DIRECTOR/CEO

Note:

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 the report of the matters based on his information in the form and context in which they appear.

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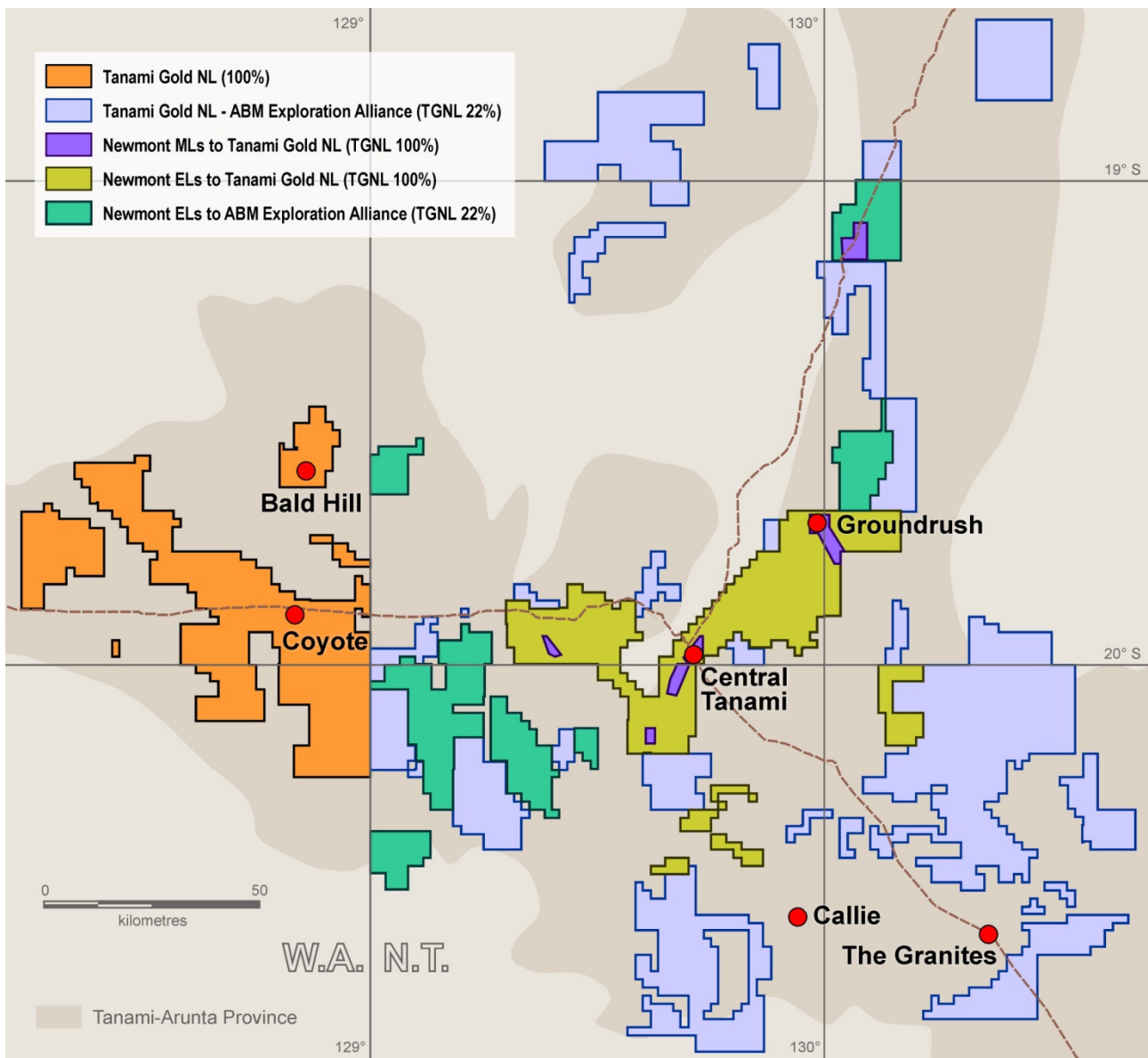


Figure 1– Project Location Plan

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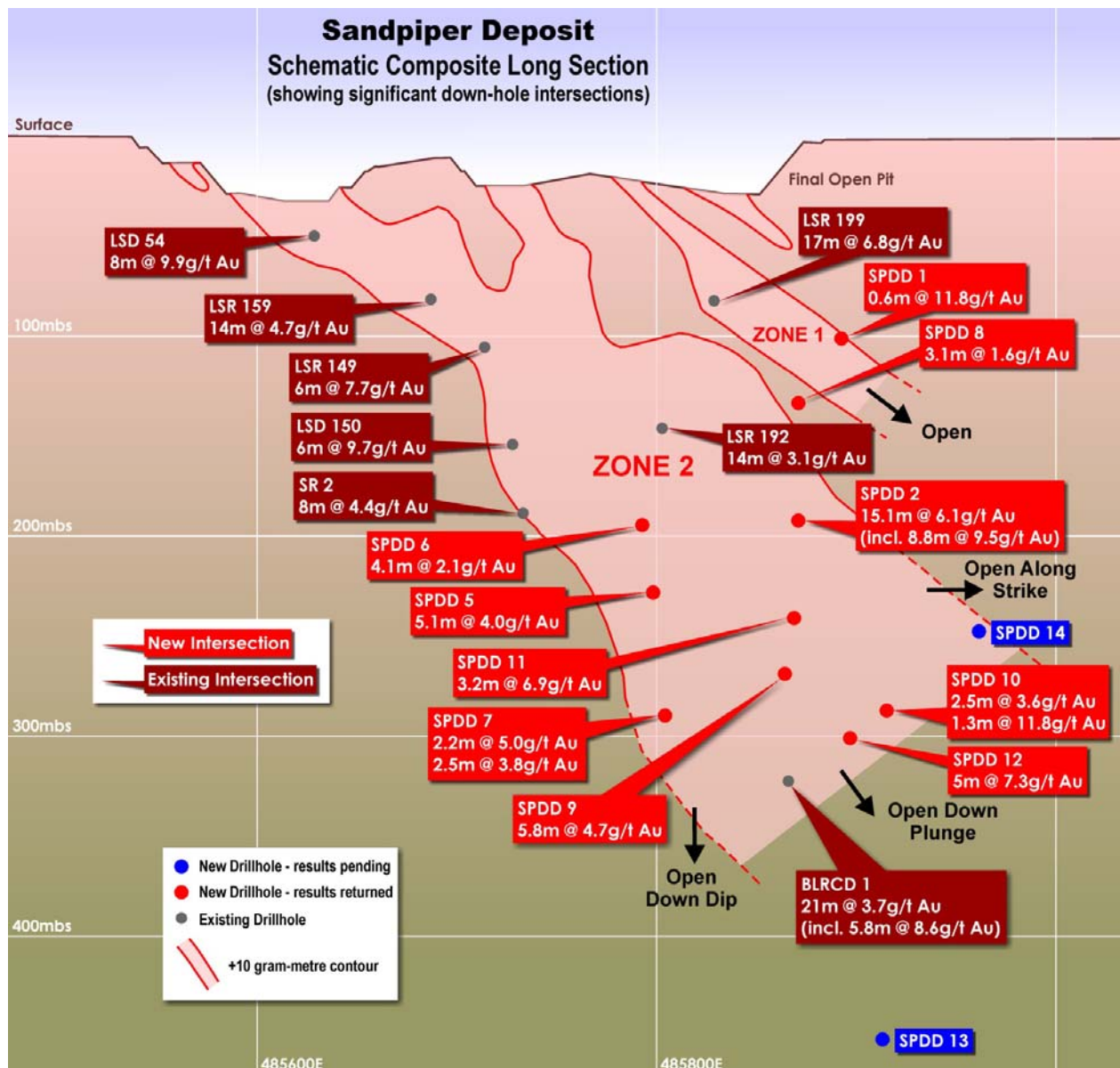


Figure 2 Sandpiper Schematic Long Section depicting recent drilling and significant intersections

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APPENDIX 1

Table 3.0 – Coyote Underground Diamond Drill Hole Locations and Significant Intersections

Hole Number	Collar Easting	Collar Northing	Collar RL	Collar Dip	Collar Azimuth	Hole Depth	Significant Intersections			
							Depth From	Depth To	Width	Grade g/t
CYUG41	74503	49991	3208	-57	321	275.5	No significant intersections			
CYUG67	74549	50057	3223	32	129	65.0	No significant intersections			
CYUG68	74547	50058	3224	45	165	62.6	No significant intersections			
CYUG71	74472	50008	3196	7	120	71.7	28.0	29.0	1.0	48.0
							inc 28.0	28.3	0.3	152.3
CYUG72	74472	50008	3195	-25	120	75.4	23.1	24.2	1.1	8.2
CYUG74	74470	50008	3196	7	165	60.4	26.8	27.1	0.3	92.8
CYUG75	74470	50008	3195	-22	165	65.2	31.4	31.7	0.3	3.5
CYUG77	74469	50007	3196	7	200	70.8	No significant intersections			
CYUG78	74469	50008	3195	-23	200	75.1	24.3	24.6	0.3	3.4
CYUG81	74411	50015	3209	1	155	76.5	No significant intersections			
CYUG82	74411	50014	3209	0	181	75.1	No significant intersections			
CYUG85	74411	50015	3210	20	188	71.8	No significant intersections			
CYUG86	74411	50015	3210	25	152	70.8	51.1	51.4	0.3	4.4
CYUG87	74411	50016	3210	34	108	90.2	55.2	56.0	0.8	31.2

Notes – Collar Northing, Easting, RL and Azimuth are all in Coyote Local Grid coordinates.
Analyses by 50g fire assay with AAS finish. No cutting of grades has been applied.
Significant Intersections calculated at 1g/t lower cut off grade with maximum two metres internal dilution. Assays rounded to nearest 0.1g/t

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APPENDIX 1 (cont.)

Table 4.0 – Sandpiper Diamond Drilling Hole Locations and Significant Intersections

Hole Number	Collar Easting	Collar Northing	Collar RL	Collar Dip	Collar Azimuth	Hole Depth	Significant Intersections			
							Depth From	Depth To	Width (m)	Grade g/t
SPDD1	485902	7834137	374	-60	180	207	112.5	115.3	2.8	2.4
							119.9	121.9	2.0	2.2
SPDD2	485874	7834155	374	-64	180	250	202.0	217.1	15.1	6.2
							220.9	222.7	1.8	2.3
SPDD3	485686	7834189	375	-63	180	301	No significant intersections			
SPDD4	485686	7834164	375	-58	180	274	No significant intersections			
SPDD5	485804	7834227	376	-61	180	289	258.5	263.5	5.1	4.0
SPDD6	485802	7834213	375	-56	180	300	230.0	234.0	4.1	2.1
SPDD7	485804	7834250	376	-64	180	376	317.0	319.2	2.2	5.0
							326.0	328.5	2.5	3.8
SPDD8	485874	7834139	374	-65	180	232	146.8	149.9	3.1	1.6
SPDD9	485874	7834158	375	-75	180	310	235.2	239.8	4.6	1.6
							275.2	281.0	5.8	4.7
SPDD10	485903	7834144	374	-77	163	311	292.4	294.9	2.5	3.6
							297.1	298.4	1.3	11.8
SPDD11	485875	7834156	375	-70	180	281	176.5	182.6	6.1	8.7
							206.9	208.7	1.8	4.9
							251.0	254.2	3.2	6.9
SPDD12	485920	7834259	376	-60	180	385	345.2	350.2	5.0	7.3
SPDD13	485920	7834297	376	-68	177	532	Assay results pending			
SPDD14	485970	7834211	376	-60	177	361	Assay results pending			

Notes - Collar Northing, Easting and Azimuth are all in AMG Grid coordinates.
Some collar coordinates are as planned and may vary upon survey pickup.
Analyses by 50g fire assay with AAS finish. No cutting of grades has been applied.
Significant Intersections calculated at 1g/t lower cut off grade with maximum two metres internal dilution. Assays rounded to nearest 0.1g/t.

Table 5.0 – Osprey RC drilling significant intersections

Hole Number	Collar Easting	Collar Northing	Collar RL	Collar Dip	Collar Azimuth	Hole Depth	Significant Intersections			
							Depth From	Depth To	Width (m)	Grade (g/t)
OSRC22	484140	7833230	370	-60	360	85	41	47	6	2.4
							73	75	2	1.8
OSRC23	484140	7833240	370	-60	360	85	41	43	2	1.5
OSRC24A	484140	7833255	370	-60	360	85	54	57	3	2.0
OSRC25	484120	7833250	370	-60	360	91	No significant intersections			

Notes - Collar Northing, Easting and Azimuth are all in AMG Grid coordinates.
Some collar coordinates are as planned and may vary upon survey pickup.
Analyses by 50g fire assay with AAS finish. No cutting of grades has been applied.
Significant Intersections calculated at 1g/t lower cut off grade with maximum two metres internal dilution. Assays rounded to nearest 0.1g/t