



4 August 2010

Mining commences on high grade Bommie Lodes at the Western Tanami Operations Coyote Mine

Visible gold observed in development drives Underground drilling to start on high-grade targets

Tanami Gold (ASX:TAM) is pleased to report that underground mine development has accessed the upper extent of the high grade Bommie Lodes at Tanami Gold's Coyote Gold Mine located within the Company's Western Tanami Operations in Western Australia.

Level development has commenced on Bommie Lode 1 with visible gold evident in all strike drive cuts to date. The initial vein assays of the Bommie 144 West Ore Drive were 2520g/t, 2208g/t and 658g/t, resulting in an average vein grade of 1795g/t (57 ounces per tonne) for the 8cm wide vein and producing an overall face grade of 27.0 g/t Au over a width of 2.5 metres.

The Bommie lodes were a principal target zone for exploration undertaken at the mine during 2009 and early 2010. To date, diamond core drilling has defined the west plunging Bommie mineralisation over a strike of 250 metres and 150 metres vertically with the mineralisation being hosted within three main gold-bearing quartz veins. An updated Resource estimate for Coyote including the Bommie lodes is in the final stages of preparation.

Mining of the Bommie lodes will provide additional high-grade mill feed to the Western Tanami Operations for at least the next two years given the lodes are open down plunge. Level development will initially focus on two of the three known Bommie lodes (Bommie Lode 1 and Lode 2) with further drilling planned to test the extent of the third lode.

The development of the Bommie lodes has also provided the Company with the necessary underground drill sites to test other high priority targets within the Coyote system. To date, limited drilling has been conducted to follow up historical high grade drill intersections on adjacent Bommie style mineralisation, possible plunge extensions to the high grade South Zone and to test for additional ore bodies at depth and within the Coyote anticline. Underground diamond drilling at Coyote is scheduled to recommence during the current quarter.

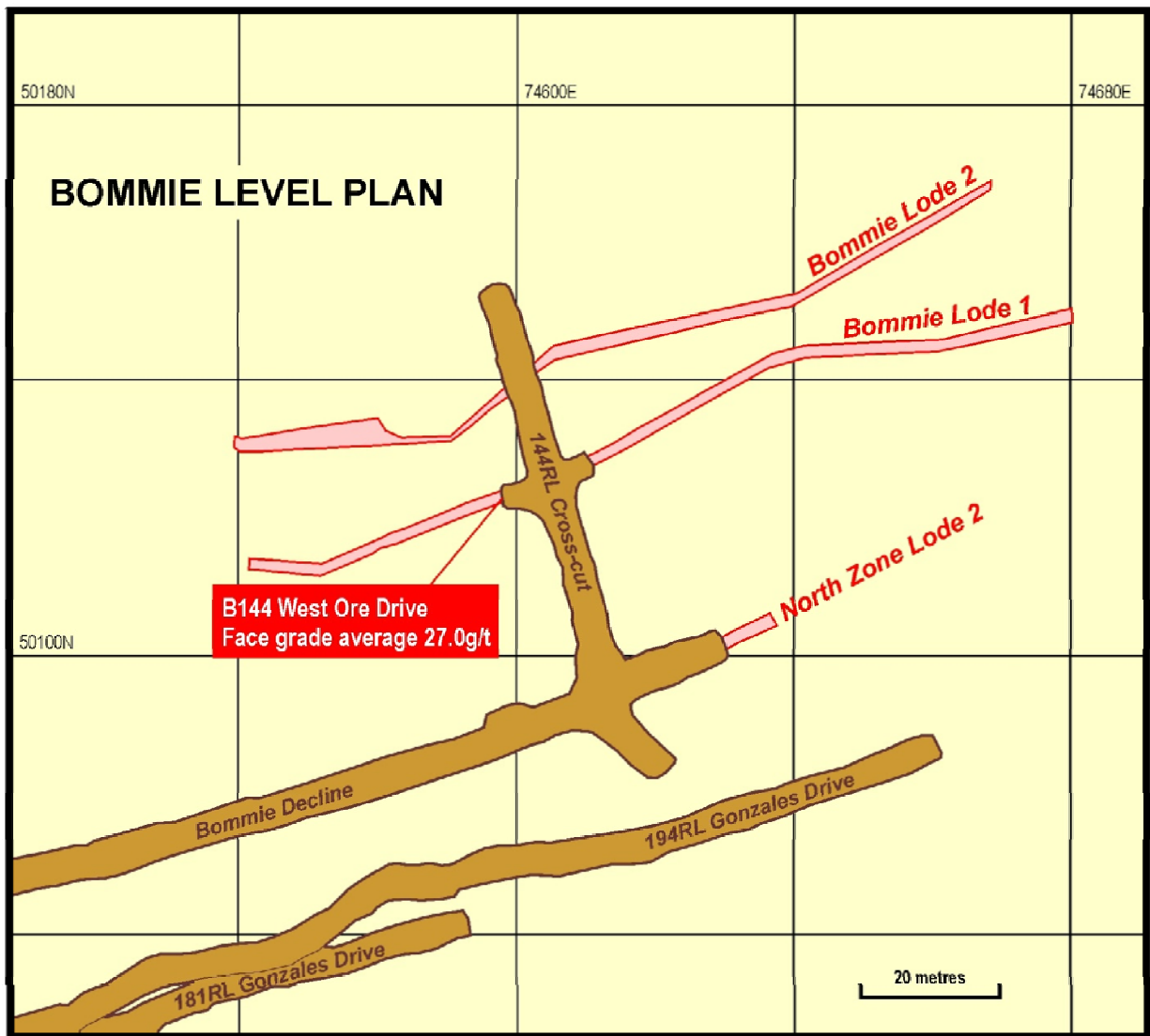


Figure 1: Plan of Coyote Mine showing Bommie lodes and initial development drives

Graeme Sloan
Managing Director/CEO

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.