



11 March 2011

FIRST STAGE OF COYOTE PLANT UPGRADE COMPLETED

FURTHER HIGH GRADE INTERSECTIONS AT CENTRAL TANAMI PROJECT

KEY POINTS

- **Stage 1 upgrade to Coyote treatment plant at the Western Tanami Project completed on time and within budget - throughput capacity increased to 350,000tpa.**
- **Ongoing drilling at the Hurricane-Repulse deposit, part of the Central Tanami Project, has extended mineralisation to over 200 metres beneath the floor of the Hurricane open pit. Significant down hole intersections include:**
 - **3.3 metres @ 8.6g/t Au from 251.7 metres (HRDD10)**
 - **2.4 metres @ 8.1g/t Au from 361.7 metres (HRDD11)**
 - **25.2 metres @ 3.1g/t Au from 368.2 metres (HRDD11), including three higher grade zones of 5.1 metres @ 5.7g/t, 4.3 metres @ 4.4g/t and 2.6 metres @ 5.4g/t Au**
 - **1.1 metres @ 17.8g/t Au from 372.6 metres (HRDD5)**
- **Coarse gold observed in a number of quartz veins in hole HRDD11.**

Australian mining and exploration company Tanami Gold NL (ASX:TAM – ‘Tanami’ or ‘the Company’) is pleased to announce that the first stage of the Company’s growth plan to increase gold production has been completed, with the **successful commissioning of the \$3.4 million Stage 1 upgrade to the Coyote treatment plant**, part of the Western Tanami Project in Western Australia.

The Stage 1 upgrade has increased throughput capacity at the Coyote plant **by 40% to approximately 350,000 tonnes per annum (tpa)**. The increase will allow a greater level of lower-grade material from the Bald Hill open pit to be economically treated, with the upgraded plant processing a blend of open pit and underground ore at a rate of around 900 tonnes per day. The timing of the Stage II final engineering study which would see capacity increased to 500,000tpa has been extended to assess the operational performance of the Stage 1 upgrade, in conjunction with further optimisation studies.

Managing Director of Tanami, Mr Graeme Sloan, said the completion of the Stage 1 upgrade represented a major milestone for the Company.

“Tanami is targeting a substantial uplift in gold production from our Western and Central Tanami operations over the next 12 to 18 months, and the increase in throughput capacity at the Coyote plant is a major step in enabling us to achieve this objective,” he said. “I am delighted that in spite of an unusually heavy wet season in central Australia, we have been able to complete this upgrade on time and on budget.”

In addition, Tanami is pleased to announce further high grade gold intersections from ongoing diamond core drilling at the Hurricane-Repulse deposit, part of the Central Tanami Project in the Northern Territory (see *Figure 1*).

Tanami commenced diamond core drilling in December 2010 to test for extensions to the Hurricane-Repluse deposit at depth. The holes were designed to assess the potential for both open pit and underground resources and targeted down dip extensions to interpreted mineralisation approximately 80 metres below the base of historic drilling.

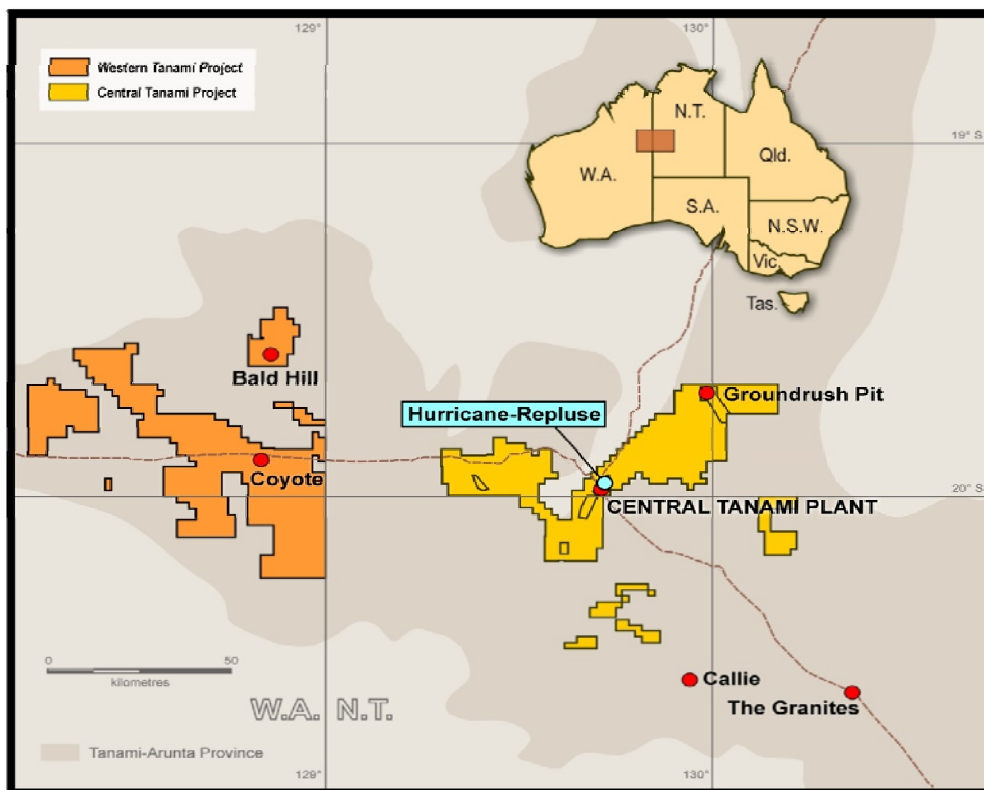


Figure 1 – Hurricane-Repluse Deposit Location Plan

The Hurricane-Repluse deposit is hosted within a series of interbedded basalts, mudstones and siltstones. The mineralisation trends oblique to the lithological contacts and consists of moderate to strong hematite, sericite and carbonate alteration with associated brecciated quartz veining and moderate pyrite and minor arsenopyrite.

A broad alteration zone within drill hole HRDD0011 returned a down hole interval of **25.2 metres grading 3.1g/t gold** from 368.2 metres (see Figure 2). Within this interval, **coarse gold was observed in quartz veins between 388 and 391 metres**. Included in this intersection were three higher grade zones, including 5.1 metres @ 5.7g/t Au from 385.5 metres, 4.3 metres @ 4.4g/t Au from 377.8 metres and 2.6 metres @ 5.4g/t Au from 368.2 metres.

HRDD11 was drilled below the previously-reported diamond hole HRDD7 (see ASX announcement 8 February 2011), which returned **14.2 metres @ 3.9g/t Au from 396.5 metres down hole including a higher grade core of 7.1 metres @ 5.9g/t Au from 400.4 metres**.

Other significant intersections included 3.3 metres @ 8.6g/t Au from 251.7 metres (HRDD10), 2.4 metres @ 8.1g/t Au from 361.7 metres (HRDD11) and 1.1 metres @ 17.8g/t Au from 372.6m (HRDD5).

Table 1 shows significant intersections received from the diamond core drilling to date.

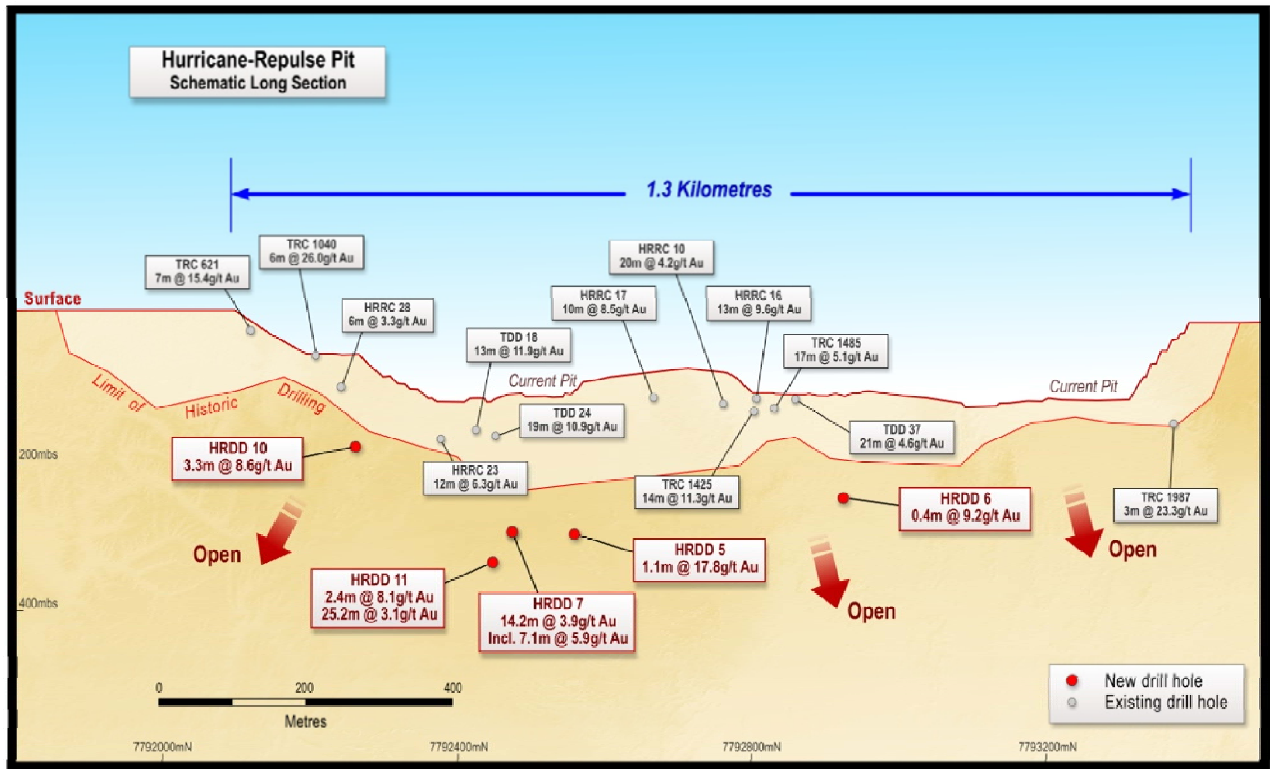


Figure 2 – Hurricane-Repulse Deposit Schematic Long Section showing significant intersections

The latest drill results confirm that mineralisation continues to at least 300 metres below surface with strong potential to extend well beyond this level which demonstrates that the Hurricane deposit has the potential to substantially add to Tanami’s Central Tanami Project Resource inventory. Robust underground grades and wide downhole intervals highlight the potential for both open pit and underground operations.

The Hurricane-Repulse pit has **historic production of around 2,000 ounces per vertical metre** mined, and Tanami is confident the deposit will contribute strongly to future open pit and underground mining operations.

Drilling for depth extensions to the Hurricane-Repulse deposit will continue over the next several months.

Commenting on the drill results, Graeme Sloan said: “These results not only highlight the potential of the Hurricane-Repulse deposit, but also demonstrate the broader exploration potential of the entire field. The continued positive drill results further vindicate the Company’s strategy to drill deep holes beneath the historic pits”.

“These are wide, high grade intersections that certainly have the potential to support an underground operation, and there is plenty of opportunity to significantly extend the mineralised zone to much greater depths.

“Exploration will continue to focus on the Hurricane area with drilling also scheduled to commence at Groundrush which is by far the largest producing historical open pit on the Central Tanami tenements. The Groundrush open pit produced around 5,000 ounces per vertical metre mined over a four year mine life, and with further drilling at depth and along strike, has the potential to add significantly to our Resource base,” Mr Sloan continued.

Above average rainfall during the northern wet season has impacted on Tanami’s gold production and cash flow since late 2010. To fund the Coyote plant upgrade and maintain its strong focus on exploration, Tanami has drawn a further \$11.0 million from its pre-arranged debt facility, taking total debt to \$16.2 million. The Company retains a strong cash position and currently has \$6.1 million in cash and gold on hand.

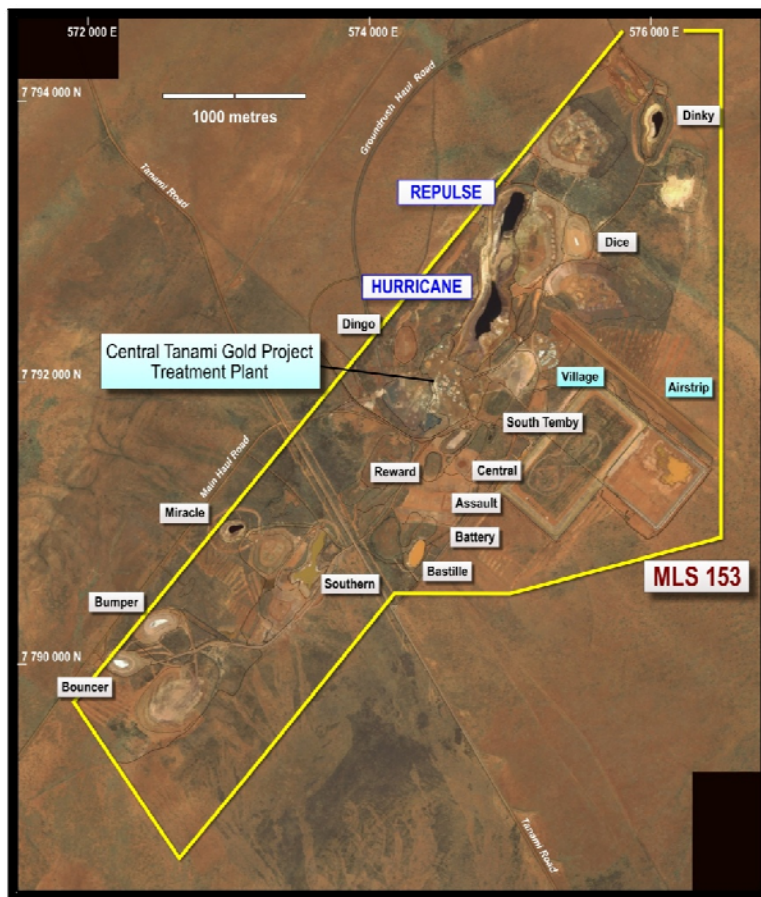


Figure 3 – MLS153 Deposit Location Plan

Table 1 – Hurricane Repulse Deposit 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
HRDD7	575179	7792460	434	-50	306.5	429.8	396.5	410.7	14.2	3.9
							Inc 400.4	407.5	7.1	5.9
HRDD5	575190	7792560	432	-55	306.5	381.3	372.6	373.7	1.1	17.8
HRDD6	575180	7792860	429	-55	306.5	381.9	281.8	282.1	0.4	9.2
HRDD10	574924	7792201	446	-48	306.5	270.7	251.7	255	3.3	8.6
HRDD11	575208	7792747	437	-48	276.5	434.4	361.7	364.1	2.4	8.1
							368.2	393.4	25.2	3.1
							Inc 368.2	370.8	2.6	5.4
							Inc 377.8	382.1	4.3	4.4
							Inc 385.5	390.6	5.1	5.7

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.

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.