



16 March 2011

OPERATIONS UPDATE

As reported in Tanami Gold NL's (the Company) ASX announcement dated 11 March 2011, above average rainfall during the northern Australian wet season has impacted on the Company's gold production since late December 2010.

Although the Company experiences disruptions to mining operations each wet season, such disruptions generally have little impact. However, due to consistent heavy rainfall events across the entire East Kimberley region and in particular over the past weeks, the Company's Western Tanami operations have been further impacted with the Bald Hill open pit mining operations being temporarily suspended.

The Company's Coyote underground operations continue to operate at near normal capacity; however the rainfall has impacted on the supply of open pit ore and treatment rates. The recent heavy rainfall is also causing some disruption to normal flight services and freight deliveries which could cause temporary production and ore treatment delays due to limited fuel supplies.

As soon as the heavy rains subside, which is expected in the near term, the Company will return to full operational mode with ore feed from both the high grade Coyote underground mine and the Bald Hill open pits.

As a result of the rain disruptions, gold production for the March 2011 Quarter is now expected to be between 6,500 and 8,000 ounces. The Company retains a strong cash position and currently has cash and gold on hand of \$6.8 million.

On a positive note, the Company is pleased to advise that the Coyote Stage 1 plant upgrade is performing well with commissioning demonstrating that increased recoveries of up to 98% are being achieved at the designed higher throughput rates. In addition, the Company's drill programs at both the Western and Central Tanami sites remain unaffected by the rain as the deep holes being drilled require minimal drill rig relocation. The current drill program is follow up to the positive results recently announced on ASX, together with the testing of deeper targets at Coyote.

The Company is making all efforts to maximise production during this period and looks forward to resuming full operations in the near term.

Graeme Sloan
Managing Director/CEO