



13 May 2011

TANAMI DELIVERS INCREASED MONTHLY GOLD PRODUCTION AND FURTHER OUTSTANDING EXPLORATION RESULTS

KEY POINTS

- **Strong resurgence in gold production with 5,273 ounces produced in April 2011 from Western Tanami Operations**
- **Drilling at the Groundrush deposit continues to return high grade gold intersections with multiple occurrences of visible gold:**
 - **16.0 metres @ 9.7g/t Au from 198.0 metres in GRDD3, including:**
 - **1.7 metres @ 64.6g/t Au from 198.0 metres; and**
 - **7.0 metres @ 5.8g/t Au from 207.0 metres.**
 - **Visible gold logged in holes GRDD6 and 8.**
- **Drilling below Coyote deposit delivers high grade gold intersections 150 metres below deepest known lode and confirms repetition of the high grade Coyote system at depth. Results include:**
 - **0.7 metres @ 19.4g/t Au from 501.3 metres in CYDD178; and**
 - **1.0 metre @ 9.6g/t Au from 597.2 metres in CYDD178.**

Australian gold producer Tanami Gold NL (ASX:TAM – ‘Tanami’ or ‘the Company’) is pleased to report gold output from the Western Tanami Operations has exceeded expectations for April, following the impact of severe weather and supply-related disruptions to operations in March. In addition, ongoing exploration at both its Central and Western Tanami projects is continuing to yield outstanding results.

Gold Production

April has seen near record monthly gold production from the Western Tanami Operations with 5,273 ounces produced from both Coyote Underground and Bald Hill Open Pit ore sources. A total of 22,574 dry tonnes of ore grading 7.4g/t were treated with recoveries of over 98% for the month.

This outstanding result is attributable to an increase in ore production and the higher throughput rates and increased recoveries resulting from the recently completed Stage One upgrade to the Coyote treatment plant.

The April gold output represents a welcome return to full production at the Western Tanami Operations after the disruptions to operations caused by heavy seasonal rains during the March 2011 Quarter.

The resumption of full scale mining at the Bald Hill Open Pit operations this month will see a return to scheduled production rates and an increased volume of high grade ore being delivered to the Coyote treatment plant.

Central Tanami Project Exploration

At the Central Tanami Project in the Northern Territory, diamond drilling is continuing at the Groundrush deposit. A program of infill and Resource extension drilling commenced at the end of March targeting the main mineralised horizons and the discrete high grade quartz vein located in the southern part of the existing pit.

Assay results from hole GRDD3 returned significant high grade gold intervals of **16 metres @ 9.7g/t Au from 198.0 metres including 1.7 metres grading 64.6g/t Au from 198.0 metres and 7.0 metres grading 5.8g/t Au from 207.0 metres.**

Coarse visible gold occurrences have also been logged from various intervals in holes GRDD6 and GRDD8 (see figures 1 and 2). These intervals occur within the predicted mineralised positions of the Groundrush dolerite and are associated with quartz veining. Assay results are awaited.

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

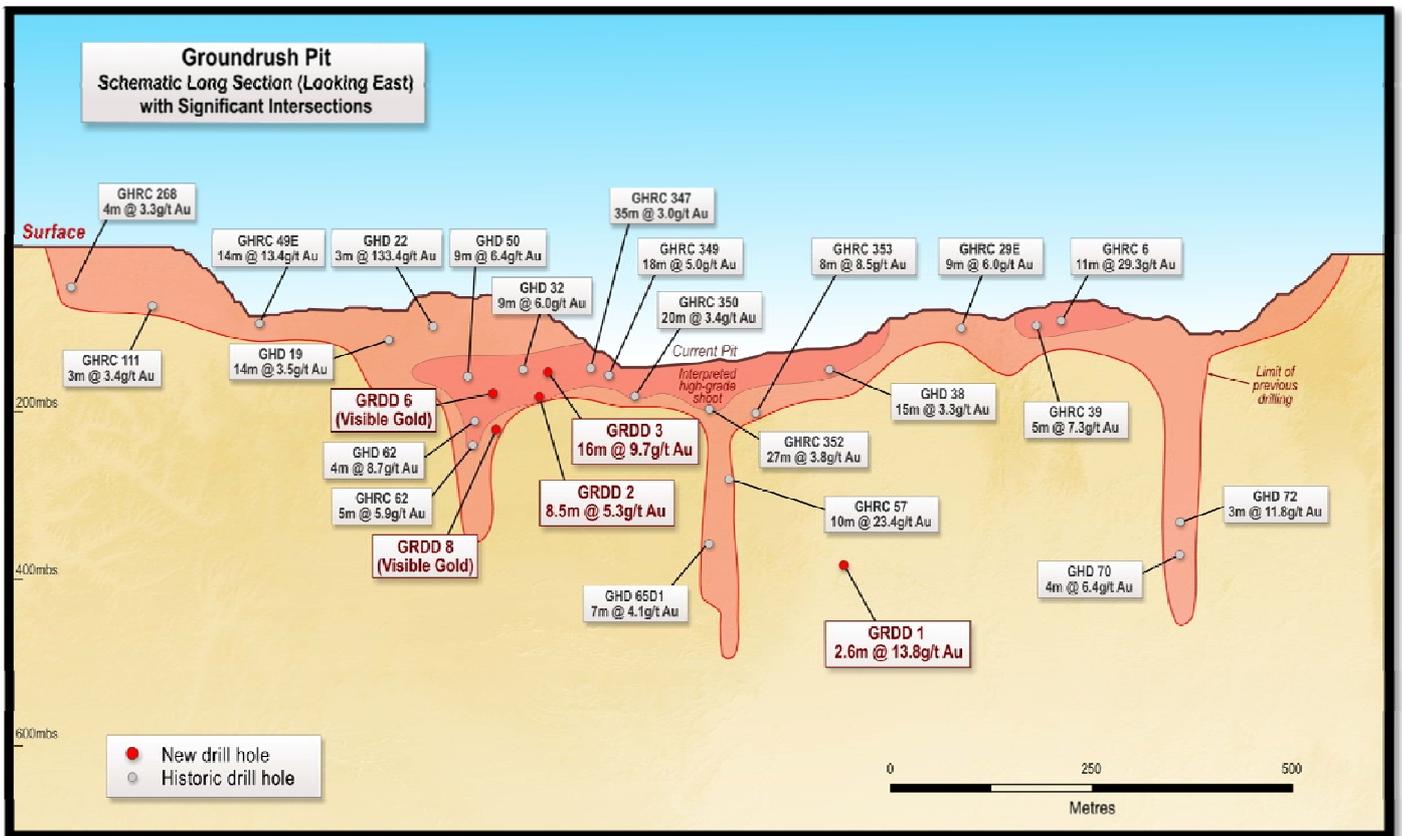


Figure 1 – Groundrush Schematic Long Section showing significant historic and recent drill holes

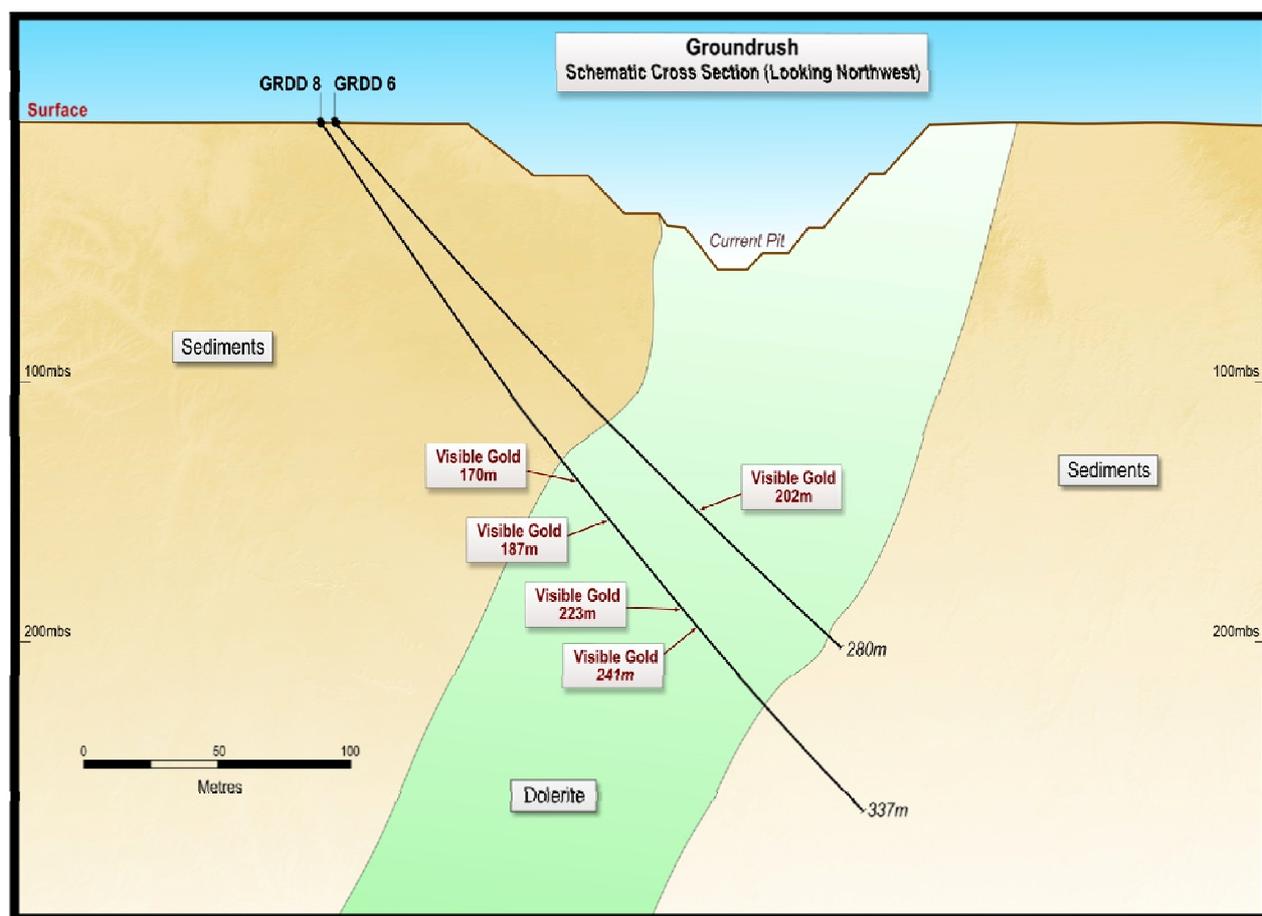


Figure 2 – Groundrush Cross Section showing drill holes GRDD6 and GRDD8 and visible gold occurrences

Western Tanami Project

At Coyote, the Company recently completed the deepest hole that has been drilled to date within the Coyote system to test for additional mineralisation at depth and deeper into the mine sequence beneath the Coyote deposit.

In addition to the previously reported interval of **6.1 metres grading 2.8g/t Au from 487.9 metres including 0.3 metres @ 21g/t from 489.9 metres**, sampling of this new zone has returned a further intersection of **4.4 metres grading 3.6g/t Au from 497.6 metres including 0.7 metres grading 19.4g/t Au from 501.3 metres**. The combined interval of 14.1 metres grading 2.4g/t Au from 487.9 metres represents a significant new discovery located some 170 metres to the north and 150 metres below the lowermost development level in the Coyote mine. Additional drilling of this zone, including wedges off CYDD178 and diamond drilling from underground positions in the Coyote mine, is being considered. Deeper in the hole another intersection of 1.0 metre grading 9.6g/t from 597.2 metres occurred associated with quartz veining above a major dolerite intrusion.

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

Managing Director of Tanami, Mr Graeme Sloan, said, “This is a tremendous result for the Company given that this new zone, while still being part of the Coyote mineralisation, is situated 170 metres to the north and 150 metres below the lowest Coyote development. This highlights the exciting exploration potential of the entire lower Coyote zone at depth.

“This new discovery, together with the continued flow of high grade intersections from Groundrush and other deposits within the Central Tanami Project - many of which include visible gold - provide us with great confidence in the existence of a long-term profitable mining operation within our tenements,” he said.

Table 1 –Significant intersections from recent diamond drilling

Deposit	Hole ID	Easting	Northing	Collar RL	Collar Dip	Collar Azimuth	Hole Depth	Depth From	Depth To	Width	Grade g/t Au
Groundrush	GRDD3	603859.0	7820309.0	420	-60	73.5	267.7	198.0	214.0	16.0	9.7
								Inc 198.0	199.7	1.7	64.6
								Inc 207.0	214.0	7.0	5.8
Groundrush	GRDD6	603870.6	7820313.0	420	-48	47.5	276.6	Visible gold at 202m. Assays pending.			
Groundrush	GRDD8	603866.0	7820310.0	420	-55	48	336.5	Visible gold at 170m, 187m, 233m, 241m. Assays pending.			
Coyote	CYDD178	74498.1	50053.0	3392.1	-65	0	1206.9	497.6	502.0	4.4	3.6
								Inc 501.3	502.0	0.7	19.4
								597.2	598.2	1.0	9.6

Notes to accompany Table 1

1. Groundrush Collar Northing, Easting and Azimuth are all in MGA Grid coordinates. Collar RL is relative to AHD.
2. Coyote Collar Northing, Easting, RL and Azimuth are all in Coyote Local Grid coordinates.
3. Collar coordinates may vary upon final survey.
4. Analyses by 50g fire assay with AAS finish of half diamond core samples.
5. No cutting of grades has been applied. Assays are rounded to nearest 0.1g/t.
6. Significant intersections are greater than 0.5g/t with maximum 2 metres internal dilution.
7. 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.

Graeme Sloan
Managing Director