



24 May 2011

MORE OUTSTANDING GOLD GRADES FROM GROUNDRUSH DRILLING

Best interval of 4.3 metres @ 159.5g/t Au from 183.9 metres beneath Groundrush open pit

KEY POINTS

- **Latest drilling at the Groundrush deposit (Central Tanami Project) returns spectacular high grade gold intersections and multiple occurrences of visible gold, including:**
 - **4.3metres @ 159.5 g/t Au from 183.9 metres in GRDD8, including 2.0 metres @ 341.6g/t Au**
 - **9.5 metres @ 38.8 g/t Au from 233.3 metres in GRDD8, including 2.1 metres @ 169.6g/t Au**
 - **20.9 metres @ 3.5 g/t Au from 188.5 metres in GRDD6, including 6.4 metres @ 5.4 g/t Au from 196.6 metres**
 - **4.9 metres @ 3.7 g/t Au from 225.9 metres in GRDD9**
 - **Visible gold logged in hole GRDD10**
- **Mineralisation remains open at depth along the 1.5 kilometre strike of the Groundrush deposit**

Australian gold producer Tanami Gold NL (ASX: TAM – ‘Tanami’ or ‘the Company’) is pleased to report further outstanding results from ongoing diamond drilling at its 100%-owned Central Tanami Project in the Northern Territory, with average gold grades of up to 341.6g/t Au (+10 ounces per tonne) returned from the latest drilling beneath and adjacent to the historic Groundrush open pit.

The Groundrush deposit which is hosted within a 100-200 metre thick dolerite unit, produced over 600,000 ounces of gold between 2001 and 2004 at a recovered grade of 4.3g/t Au. To date, limited drilling has been conducted below the 1.5 kilometre strike length of the deposit. Significantly, a recent review of the geological database has identified three additional large dolerite units located East, West and South of the Groundrush deposit. The Company plans to drill test these targets during the current drill season.

Tanami Gold commenced this program of in-fill and resource extension drilling at the end of March 2011 targeting the main mineralised horizons and a discrete high-grade quartz vein located in the southern part of the existing pit (see *Figure 1*). Drilling has progressed steadily with a total of 10 holes completed to date.

Assay results from holes GRDD6, GRDD8 and GRDD9 have all returned significant high-grade gold intervals including **4.3 metres @ 159.5g/t from 183.9 metres and 9.5 metres @ 38.8g/t from 233.3 metres in GRDD8, 20.9 metres @ 3.5g/t from 188.5 metres in GRDD6, and 4.9 metres @ 3.7g/t from 225.9 metres in GRDD9.**

Coarse visible gold occurrences have also been logged in hole GRDD10 with assay results pending. The drilling has intersected the host dolerite unit and mineralised horizons at predicted down hole depths with **mineralisation remaining open at depth along the 1.5 kilometre strike** of the Groundrush deposit.

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

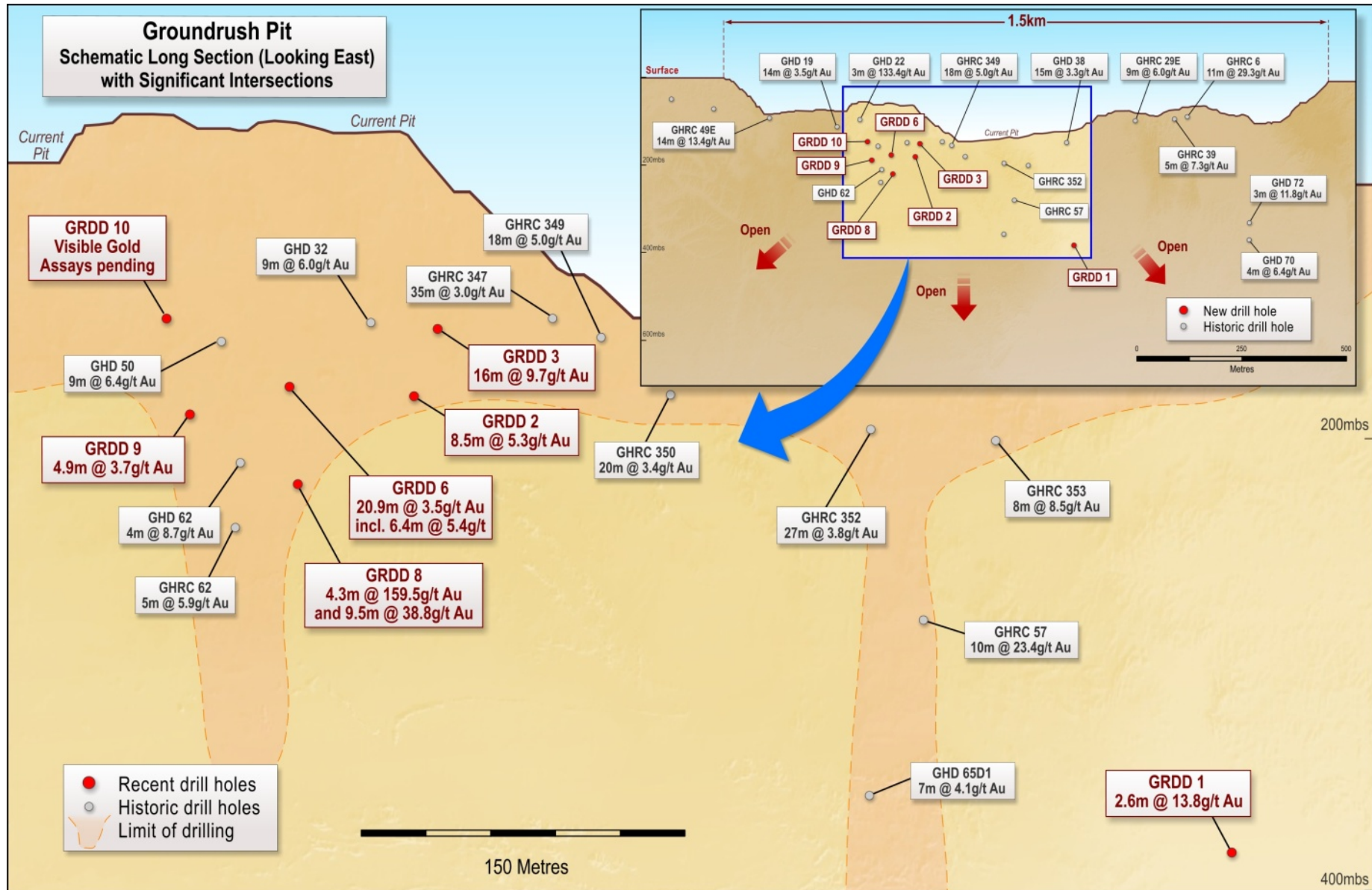


Figure 1 – Groundrush schematic long section showing significant historic and recent drill results

Table 1 –Significant intersections from recent Groundrush diamond drilling

Hole ID	Collar Easting	Collar Northing	Collar RL	Collar Dip	Collar Azimuth	Hole Depth	Depth From	Depth To	Interval Width	Grade g/t Au
GRDD2	603857	7820236	420	-48	45	333.8	235.5	244.0	8.5	5.3
GRDD3	603859	7820309	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
GRDD6	603871	7820313	420	-48	47.5	276.6	188.5	209.4	20.9	3.5
							Inc 196.6	203.0	6.4	5.4
GRDD8	603866	7820310	420	-55	48	336.5	170.0	173.2	3.2	2.8
							183.9	188.2	4.3	159.5*
							Inc 185.0	187.0	2.0	341.6
							233.3	242.8	9.5	38.8*
							Inc 240.7	242.8	2.1	169.6
GRDD9	603830	7820352	420	-53	46.5	325	225.9	230.8	4.9	3.7
GRDD10	603869	7820379	420	-52.5	46.5	420.6	Visible gold at 184 metres, assays pending			

Notes to accompany Table 1

1. Collar Northing, Easting and Azimuth are all in MGA Grid coordinates. Collar RL is relative to AHD.
2. Collar coordinates may vary upon final survey.
3. Analyses by 50g fire assay with AAS finish of half diamond core samples.
4. No cutting of grades has been applied. Assays are rounded to nearest 0.1g/t.
5. Significant intersections are greater than 0.5g/t with maximum 2 metres internal dilution.
6. *Significant intersections for GRDD8 are greater than 0.2g/t with maximum 3 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.

Tanami Gold's Managing Director, Mr Graeme Sloan, said "the outstanding intersections demonstrate the significant upside of the Central Tanami Project. To date, minimal drilling has been undertaken at depth and along strike of the historic and relatively shallow open pits that collectively produced over 2.0 million ounces of gold."

"The latest drill results support our belief that the Groundrush deposit is a major high grade mineralised system that could underpin long term production at Central Tanami. The deposit remains open in all directions," he added. "The recent drilling reinforces the potential to add significantly to our resource inventory and supports our objective of increasing gold production to over 200,000 ounces per annum."

Graeme Sloan
Managing Director