



COMPANY ENQUIRIES

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TANAMI ENTERS COYOTE PLANT AGREEMENT WITH ABM RESOURCES NL

Tanami Gold NL (“Tanami” or the “Company”) is pleased to announce that it has reached an agreement with ABM Resources NL (“ABM”) to lease its Coyote Gold Processing Plant (“Coyote” or “the Plant”) and associated infrastructure to ABM. The Plant is situated in the Western Tanami mining district in far north Western Australia.

The agreement includes an option to purchase the Plant and associated infrastructure and the underlying mineral leases. This agreement is subject to several conditions precedent, including, amongst others:

- ABM completing and being reasonably satisfied with the results of due diligence investigations in respect to:
 - obtaining any necessary or desirable approvals;
 - obtaining native title, indigenous or heritage approvals; and
 - access to the mining tenements and the condition of the Plant and associated infrastructure.
- All necessary statutory consents and approvals being obtained for the transaction contemplated by the agreement; and
- Tanami obtaining shareholder approval for the lease and the option to sell the Plant and associated infrastructure to ABM.

The lease infrastructure includes:

- 240,000 tpa (tonnes per annum) capacity gravity and CIL (carbon-in-leach) gold plant at Coyote.
- All other related surface infrastructure including airstrip, mobile equipment, tailings storage, workshops, offices, and camp.

The terms of the lease agreement include:

- \$2M lease payment for the first 12 months of production.
- Option to extend the lease for a further 12 months for a lease payment of \$2M.
- Option to purchase the Coyote Gold Mine, infrastructure and the underlying mining leases for \$3M.
- A pre-emptive right on all surrounding exploration licences held by Tanami in Western Australia.

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7 July 2014

The Company has previously announced that following the unsuccessful drilling of the Kavanagh lode at the Coyote Gold Mine the Company would re-evaluate the Company's position.

The Company has undertaken this assessment in relation to Coyote, Kavanagh and the Western Tanami tenements. The Company has considered that in view of the drilling results the Company cannot consider reopening the mine. Also, in view of these results and the Company's financial position the Company cannot justify or finance further drilling programs on the Coyote mining lease and take the view that the Company's best option is to focus on its Central Tanami tenements situated in the Northern Territory. This includes the Company's main exploration asset the one million ounce Groundrush resource.

The Company has considered the options of disposal of Coyote and the Western Tanami tenements and in this regard has been able to secure the current proposal from ABM. The Company has carefully assessed the proposal and the possibility of obtaining any competing offers. The Company's conclusion is that there is little possibility of securing a better offer in the current market or in the foreseeable future.

The Licence and Lease Agreement

The Licence and Lease Agreement ("Agreement") with ABM includes:

1. From signing, ABM is contributing up to \$150,000 per month to the care and maintenance costs until the lease commences.
2. The lease term commences once the conditions precedent have been satisfied, which both companies anticipate will take approximately 3 months but the Agreement allows for up to 12 months.
3. Once all the conditions precedent are met (or waived), ABM will take possession and commence management of Coyote and the infrastructure. The Company will conduct re-commissioning including processing up to 10,000 tonnes of commissioning ore prior to making the first year's lease payment of \$2M.
4. The initial 12 month period commences on commercial processing of ore following successful completion of commissioning.
5. The lease is extendable for a second year for a further \$2M lease payment.
6. ABM has an option to purchase Coyote, the infrastructure and the underlying mining leases before the end of the lease for \$3M.
7. During the lease ABM has a pre-emptive right on all surrounding tenements held by Tanami in the area of Western Australia shown in Figure 1. The rights are extended for 2 years if ABM exercises the option to purchase.

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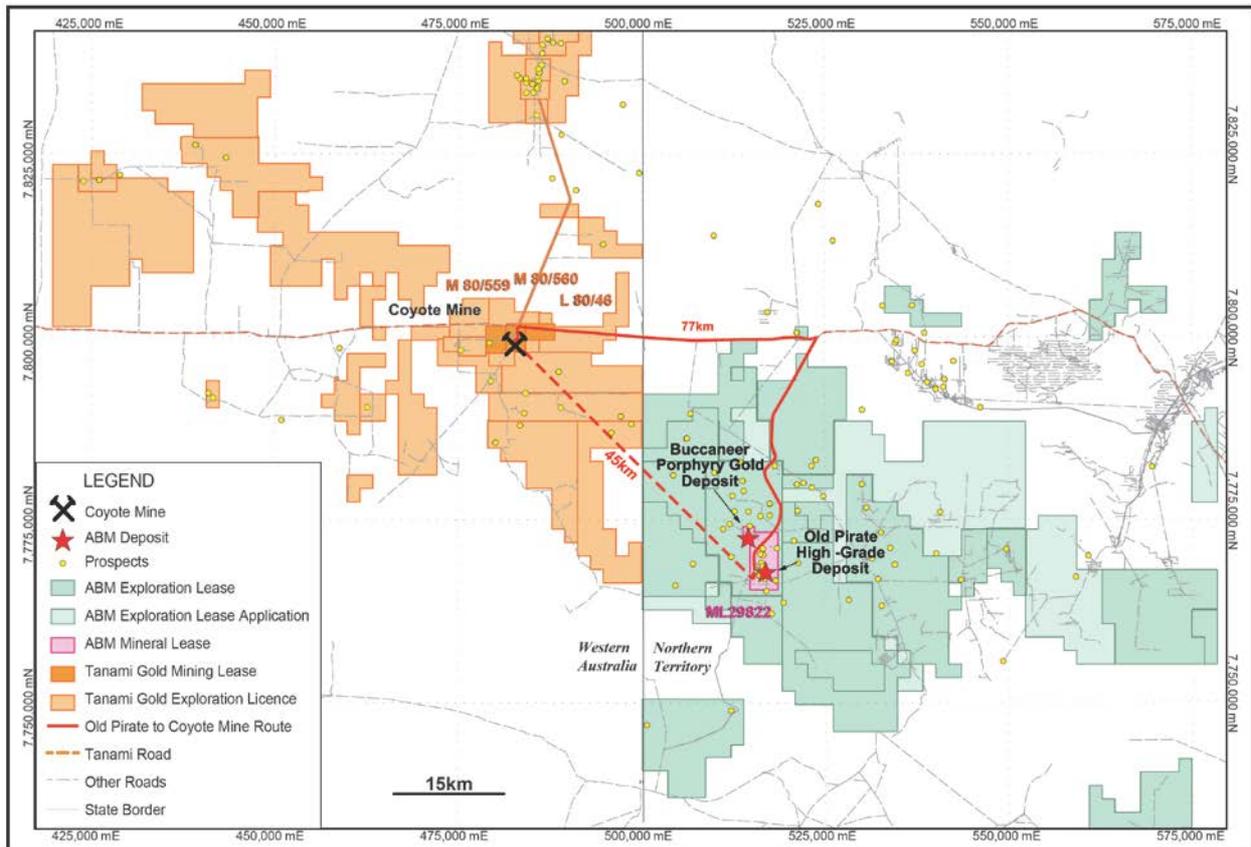


Figure 1: Location map of Old Pirate and Coyote showing location of Coyote's ML's (under lease and option to purchase area in dark orange and pre-emptive rights area in light orange)

The agreement does not cover the mineral rights relating to the Coyote Gold Mine, which are retained by Tanami, until ABM exercises its purchase option. During the lease period the responsibility for past environmental disturbance and future mine closure costs remains with Tanami and ABM will be responsible for environmental disturbance occurring during the lease period. ABM is responsible for maintaining and operating Coyote and the infrastructure and, unless ABM exercises the purchase option, will return Coyote and the infrastructure to Tanami in the same operating condition in which ABM received it (fair wear and tear excepted).

Gerard McMahon
Chairman