



COMPANY ENQUIRIES

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COMPANY UPDATE

The Board of Directors met on 15 July 2013 and wishes to update the Market on the status of issues discussed in previous Announcements.

COYOTE GOLD PROJECT

The Company's Care and Maintenance program at Coyote is continuing. Independent costings from a major contracting group have been obtained in order to ascertain if outlays could be reduced below the Company's internal costs. However, it was decided to continue with the internally managed program for the present. The need to continuously de-water the Mine, coupled with statutory safety and environmental requirements, means that the cost is forecast to be approximately \$400,000-450,000 per month, and cannot be substantially reduced below that figure. Obviously this expenditure cannot be sustained for any great length of time.

Accordingly, the Company is proceeding as quickly as possible, with its assessment of the revised Business Case for developing and mining the Kavanagh Deposit, which was completed by Management on 26 June 2013. The Board considers it necessary to have the revised Business Case reviewed by independent experts, and quotations are now being obtained for this purpose. An amount in excess of \$10 million will need to be raised if a decision is made to proceed with the development of Kavanagh and, therefore, in the interests of shareholders, the Board must be confident that the Project will have a high rate of return notwithstanding current gold prices. The Board expects to be in a position to decide shortly whether it is worth proceeding with Kavanagh at the present time. In the meantime the Company is discussing with potential investors the prospects of raising the necessary funds.

GROUND RUSH AND CENTRAL

Management has revised the proposed drilling program. The Board is undertaking a further review of the program and the funding options available.

CASH FLOW

The Company's Cash Flow forecast reveals that the Company will need to raise more funds, in addition to any funds which might be required to develop Kavanagh, prior to the end of 2013. Various avenues for raising these funds are being considered.

CHIEF EXECUTIVE OFFICER

The Board has decided to defer any appointment until the strategic direction of the Company is settled. In the meantime, Directors led by the Chairman are taking an active role in the Company's operations.

CORPORATE MATTERS

The Company is in discussion with several groups which have expressed interest in either investment or joint ventures. No definite proposals have eventuated to date.

COMPANY SECRETARY

The Company Secretary, Jon Latto, has resigned with effect from 18 July 2013, and will be replaced by Pauline Collinson from that date. Pauline is an experienced Company Secretary having served in that role for a number of other listed companies over many years.