



11 August 2011

DRILLING CONTINUES TO EXPAND THE GROUNDRUSH DEPOSIT

***Groundrush deposit main ore zone now more than 700 metres in length and open to the north.
Two new footwall zones of mineralisation also defined over 200 metres and remain open in all directions.***

KEY POINTS

Latest drilling at the Groundrush deposit includes:

- ***15.4m @ 5.3 g/t Au from 261.0m - GRDD20***
- ***5.0m @ 7.8 g/t Au from 312.0m - GRDD20***
- ***4.1m @ 8.0 g/t Au from 307.3m - GRDD17***
- ***6.4m @ 5.2 g/t Au from 331.5m - GRDD13***
- ***19.6m @ 3.0g/t Au from 289.4 including 3.5m @ 7.1g/t from 294.5m – GRDD13***

Australian gold producer Tanami Gold NL (ASX: TAM – ‘Tanami’ or ‘the Company’) is pleased to report further significant results as the Company continues to expand the Groundrush deposit at its 100%-owned **Central Tanami Project** in the Northern Territory.

The historic Groundrush open pit is approximately 1.5 kilometres in length, has an average depth of around 100 metres, and produced more than 600,000 ounces of gold between 2001 and 2004 at a recovered grade of 4.3g/t Au (see Figure 1). The historic production equates to more than 5,000 ounces of gold per vertical metre, highlighting Groundrush's production pedigree compared to other Australian deposits.

Groundrush deposit, which is expected to underpin the Company's transition into a mid-tier gold producer, is hosted within a thick fractionated dolerite unit and a secondary discrete high-grade quartz vein located in the southern part of the existing Groundrush pit.

Given the consistent flow of outstanding drill results at Groundrush since drilling commenced in April 2011, Tanami is on target to provide an additional Resource update later this year to coincide with completion of the Central Tanami Feasibility Study.

Surface diamond drilling at Groundrush has focused predominately on an area down to 100 metres below the base of the existing pit or approximately 250 metres below surface. To date, only half of the 1.5 kilometre pit length has been tested to the shallow depth of 250 metres below surface. Potential clearly remains for further repeat zones of mineralisation at depth.

The main Groundrush ore body, a north plunging zone of mineralisation, has now been extended to over 700 metres in length and remains open down plunge. A further two footwall zones of mineralisation (see Figure 2 and 3), similar in tenor to the main zone of mineralisation, have also been extended for over 200 metres in length. Both of these zones remain open in all directions.

Tanami's Managing Director, Mr Graeme Sloan said, "the Groundrush deposit continues to exhibit all the hallmarks of being a very extensive gold system with the main ore zone now extending more than 700 metres, two footwall zones extending more than 200 metres, (all of which remain open) and indications of repeat structures at depth.

"When you combine the exploration potential surrounding the Groundrush deposit, including the Ripcord prospect (approximately 3 kilometres south of Groundrush), you can see why we rate the Central Tanami Project so highly as a long term production centre and the vehicle to transform Tanami to a mid-tier gold producer."

Recent assay results from holes GRDD11, GRDD13, GRDD17 and GRDD20 have all returned strong gold intervals including:

- **15.4m @ 5.3 g/t Au from 261.0m - GRDD20**
- **5.0m @ 7.8 g/t Au from 312.0m - GRDD20**
- **4.1m @ 8.0 g/t Au from 307.3m - GRDD17**
- **6.4m @ 5.2 g/t Au from 331.5m - GRDD13**
- **19.6m @ 3.0g/t Au from 289.5 including 3.5m @ 7.1g/t from 294.5m - GRDD13**

A detailed table of these and other holes are presented in Table 1.

Visible gold has been logged in six of the remaining fifteen holes awaiting assays.

An in-pit diamond drill program utilising the Company's underground diamond drill team, has also tested a small section of a secondary zone of mineralisation referred to as the High Grade Vein Lode. This vein, which is open in all directions, is located in the eastern wall at the south end of the Groundrush pit. Results from the initial drill program to test the High Grade Vein Lode include:

- **1.0m @ 32.9 g/t Au from 9.0m – GRDD18**
- **2.5m @ 5.6 g/t Au from 63.1m - GRDD18**
- **0.3m @ 15.5 g/t Au from 88.9m - GRDD14**

Full details are presented in Table 1.

Drilling has progressed steadily at Groundrush with a total of 38 holes now completed, however, only half the assays have been received for the holes drilled to date. A backlog of samples in offsite contract laboratories continues to cause delays industry-wide, although this is expected to improve in the short term. To ensure drill hole location and costs are optimised, the drilling focus will now shift to the southern tenements to further test additional targets until all outstanding assays from Groundrush are received and assessed. Based on the assay results returned from Groundrush, a follow-up drill program will be undertaken.

The consistency of the drilling intersecting the main zone of mineralisation and the identification of a series of flat high grade zones of mineralisation (previously reported), provides further evidence that Groundrush is a mineralised system which clearly has the potential to support the Company's transition into the ranks of mid-tier gold producers.

Graeme Sloan
Managing Director

The information in this report that relates to Geological Data and Exploration Results is based on information compiled by Mr Michael Thomson, a full time employee and Resource Geologist of Tanami Gold NL. Mr Thomson is a member of the Australasian Institute of Mining and Metallurgy 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 Thomson consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.

Table 1: Significant intersections from recent Groundrush diamond drilling

Hole ID	Collar Easting	Collar Northing	Collar RL	Collar Dip	Collar Azimuth	Max Depth	From m	To m	Interval Width m	Grade g/t
GRDD0011	603867	7820179	422	-44.3	57.4	408.7	251.0	266.8	15.8	2.0
							<i>Inc 262.0</i>	266.8	4.8	3.8
GRDD0013	603862	7820146	422	-41.4	57.1	415.9	289.4	309.0	19.6	3.0*
							<i>Inc 291.0</i>	294.5	3.5	7.1
							<i>Inc 302.9</i>	306.0	3.1	4.6
							331.5	337.9	6.4	5.2
GRDD0014	604292	7819563	366	-54	51.7	187	88.9	89.2	0.3	15.5
GRDD0017	603954	7819965	421	-53	48.8	398	244.0	248.7	4.7	3.2
							307.3	311.3	4.1	8.0
GRDD0018	604309	7819548	368	-55	50	188	9.0	10.0	1.0	32.9
							63.1	65.5	2.5	5.6
GRDD0020	603848	7820263	423	-51	52.8	355	261.0	276.4	15.4	5.3
							<i>Inc 269.1</i>	272.0	2.9	10.9
							<i>Inc 274.5</i>	276.4	1.9	12.2
							312.0	317.0	5.0	7.8

Notes to accompany Table 1

1. Collar Northing, Easting and Azimuth are all in MGA Grid coordinates. Collar RL is relative to AHD. Collar coordinates may vary upon final survey.
2. Analyses by 50g fire assay with AAS finish of half diamond core samples.
3. No cutting of grades has been applied. Assays are rounded to nearest 0.1g/t.
4. Significant intersections are greater than 1.0g/t with maximum 2 metres internal dilution.
5. *Previously reported as 6.4m @ 4.4g/t
6. Intervals are all down hole length.

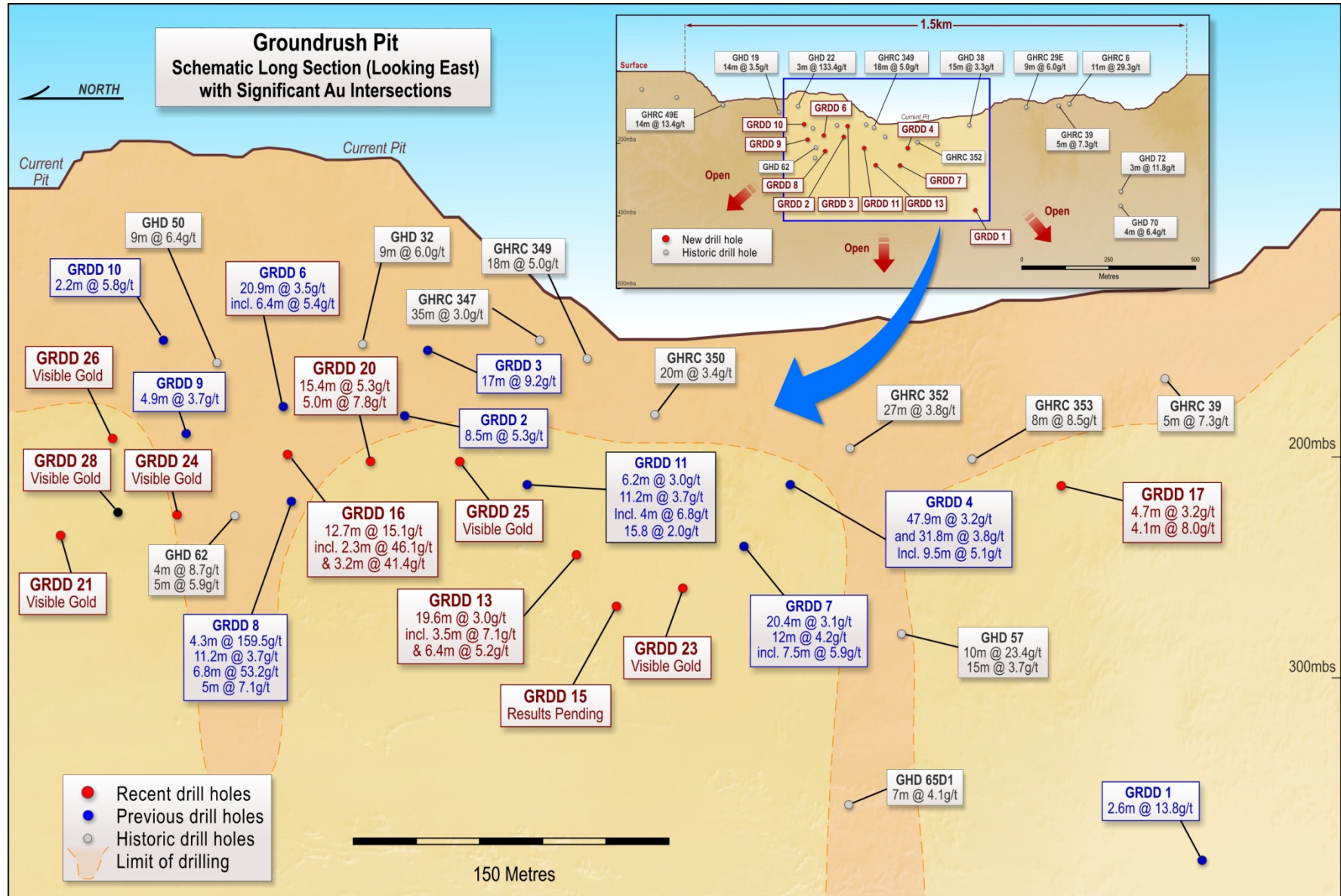


Figure 1 – Groundrush Pit – Schematic Long Section (looking east) with Significant Gold Intersections

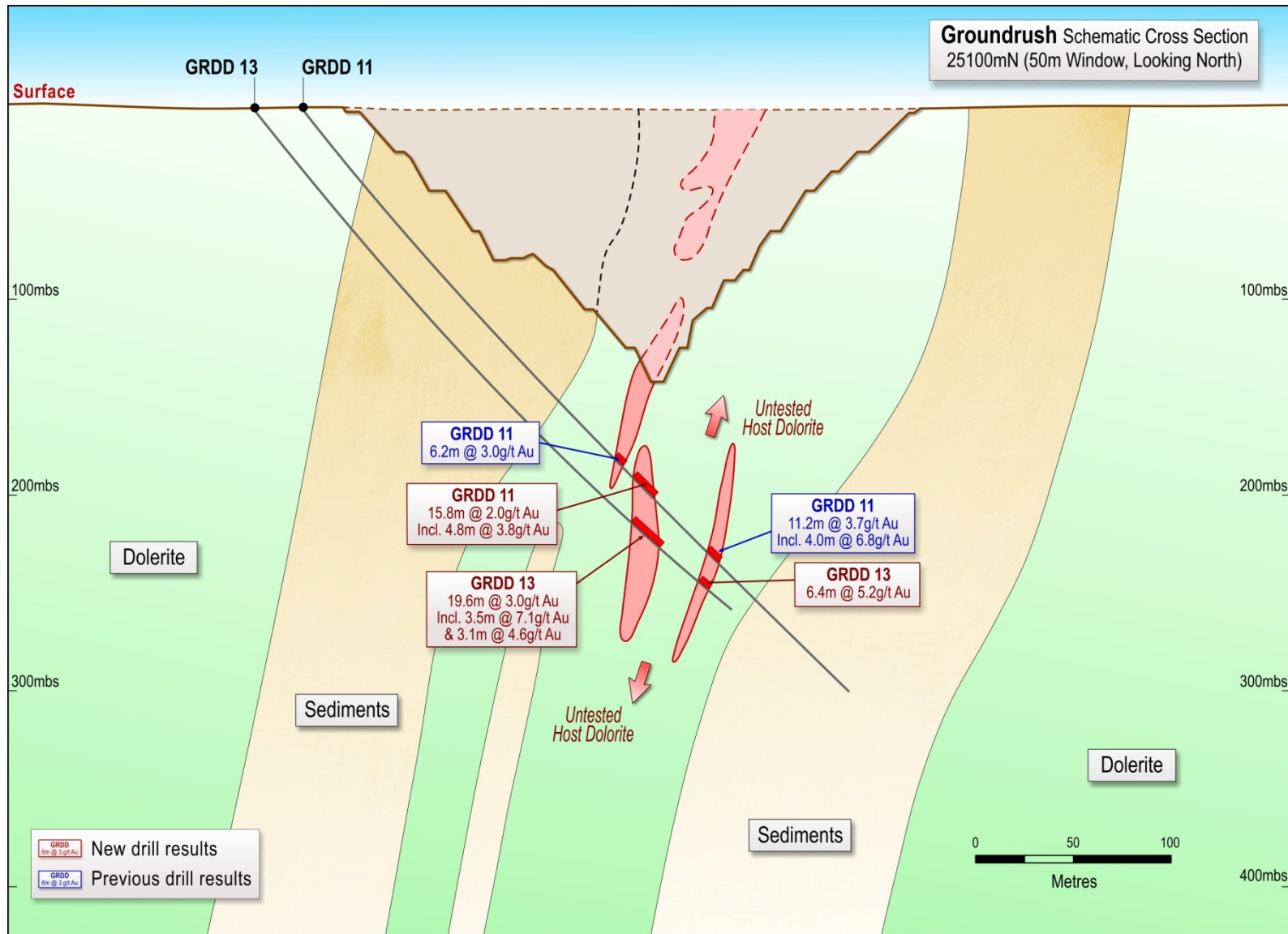


Figure 2 – Groundrush Schematic Cross Section 25100mN

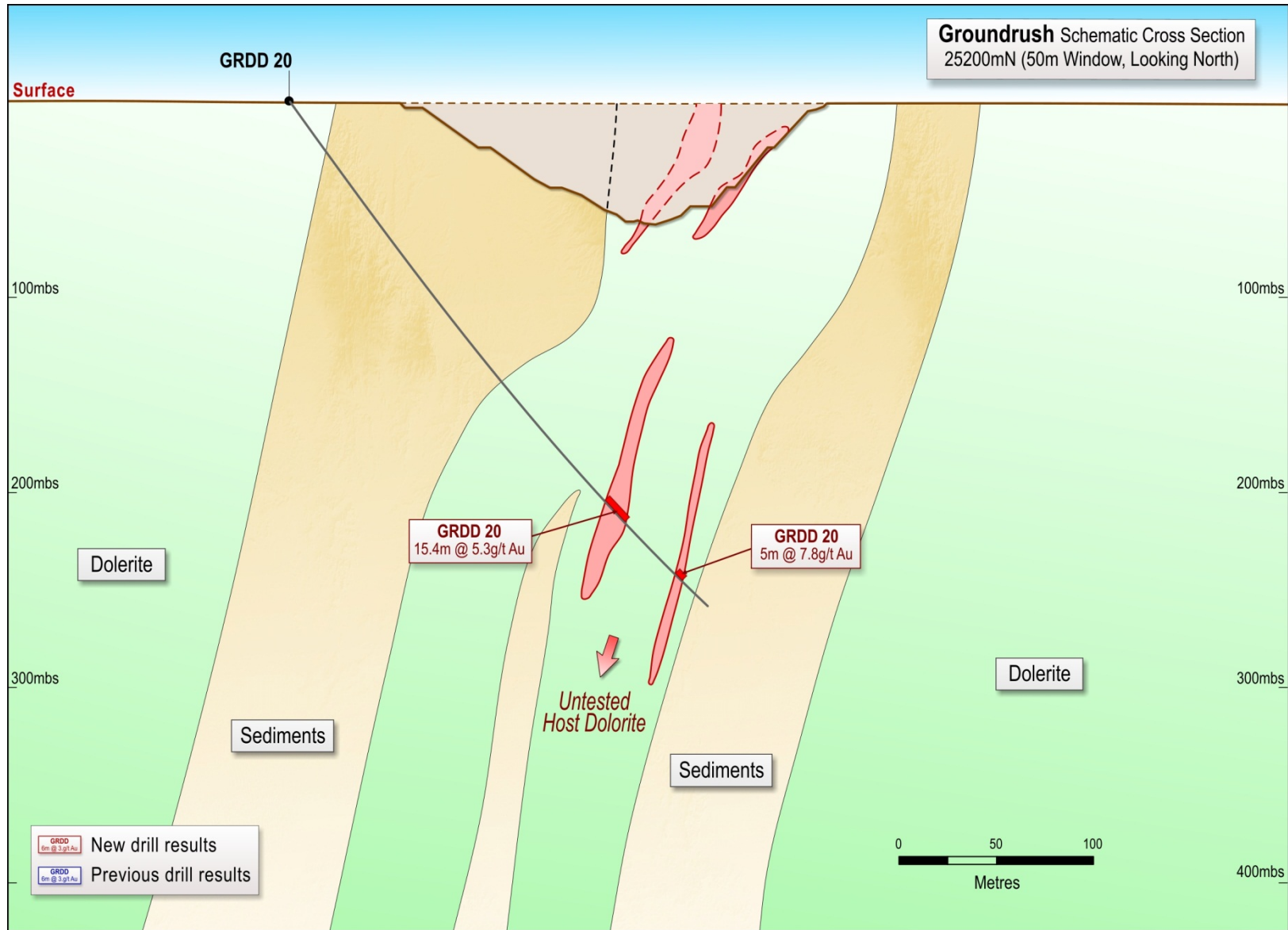


Figure 3 – Groundrush Schematic Cross Section 25200mN

**Table 2 : Significant intersections from Groundrush diamond drilling
(Previously reported)**

Hole ID	Collar Easting	Collar Northing	Collar RL	Collar Dip	Collar Azimuth	Hole Depth	Depth From	Depth To	Interval Width	Grade g/t Au
GRDD1	603980	7819851	420	-57	50	447.7	346.5	349.1	2.6	13.8*
GRDD2	603856.7	7820236	420	-48	50	333.8	235.5	244.0	8.5	5.3
							Inc 239.5	243.0	3.5	8.1
GRDD 3	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
GRDD4	603888	7820109	420	-48	58.5	309.9	243.1	291.0	47.9	3.2*
							Inc 243.1	255.9	12.8	2.6
							Inc 259.2	291.0	31.8	3.8
							303.0	304.9	1.9	5.1
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
							225.1	231.0	5.9	3.2
GRDD7	603853	7820102	420	-48	56	420.8	275.3	295.7	20.4	3.1*
							Inc 275.3	276.8	1.5	16.9
							302.0	303.3	1.3	7.9
							307.0	319.0	12.0	4.5
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
							224.4	235.6	11.2	3.7
							239.0	245.8	6.8	53.2+
							273.0	278.0	5.0	7.1
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	182.5	184.2	2.2	5.8
GRDD11	603867	7820179	420	-50	51.5	408.7	239.0	245.2	6.2	3.0
							311.0	322.2	11.2	3.7
							Inc 311.0	315.0	4.0	6.8
GRDD13	603862	7820146	420	-50	48.5	415.9	288.1	294.5	6.4	4.4
GRDD16	604079	7820474	420	-47	235	422	192.2	204.9	12.7	15.12
							inc 199	201.3	2.3	46.1
GRDD17	603869	7820100	420	-52.8	48.8	398	208.6	211.8	3.2	41.3

Notes to accompany Table 2

1. Collar Northing, Easting and Azimuth are all in MGA Grid coordinates. Collar RL is relative to AHD. Collar coordinates may vary upon final survey.
2. Analyses by 50g fire assay with AAS finish of half diamond core samples.
3. No cutting of grades has been applied. Assays are rounded to nearest 0.1g/t.
4. Significant intersections are greater than 0.5g/t with maximum 2 metres internal dilution.
5. *Significant intersections are greater than 0.2g/t with maximum 3 metres internal dilution
6. Intervals are all down hole length.
7. + Previously reported as 9.5m @ 38.8g/t.