TANAMI GOLD NL

31 October 2006

The Manager
Company Announcements office
Australian Stock Exchange Limited
PO Box H224 Australia Square
SYDNEY NSW 2000

Dear Sir

SHARE PLACEMENT TO MONARCH & COMMENCEMENT OF MERGER DISCUSSIONS

Share Placement to Monarch

Tanami Gold NL (ASX: TAM) (**Company**) is pleased to announce that the Company has agreed to undertake a share placement (**Placement**) to Monarch Gold Mining Company Limited (ASX: MON) (**Monarch**).

Pursuant to the placement, Monarch will subscribe a total of $2.5 million for 12.5 million fully paid ordinary shares in the Company at a price of $0.20 per share.

The funds raised by the placement will be used to fund the ongoing development of the Company's Coyote Gold Project.

Merger Discussions

Monarch and Tanami have commenced discussions in relation to a possible merger of the two companies.

The parties have entered into a mutual confidentiality agreement under which they will exchange information. Although discussions between the Company and Monarch have commenced, the outcome of the discussions is uncertain. There is a possibility that the discussions may not result in a definitive proposal. If discussions progress to a point where a definitive proposal has been agreed, an announcement will be made immediately.

The Placement is independent of the outcome of the merger discussions referred to above.

Yours faithfully
Tanami Gold NL

Denis Waddell
Executive Chairman

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