



TANAMI
GOLD NL

1 September 2003

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

Dear Sir

TANAMI GOLD NL - GOLD FOCUS
PILBARA MINES LIMITED - BASE METALS FOCUS

Tanami Gold NL's (TAM) investment in Pilbara Mines Limited (PIL) (refer ASX announcement of 14 August 2003) is aimed at TAM focusing 100% on gold and PIL on base metals.

TAM's extensive Tanami-Arunta Province ground holdings which include large areas prospective for base metals and platinum-palladium in addition to gold, provides PIL with the opportunity to use its potential cash flow from the development of the Jaguar Project (100% PIL) to expand outside the Inmet Mining controlled Teutonic Bore Joint Venture into the prospective and tightly held Tanami-Arunta Province through joint ventures with TAM. Given the project status and focus of both companies, there is a strong synergy in TAM and PIL entering into joint ventures.

An in principle agreement is for PIL to farm into TAM's Central Australian projects to earn a majority equity in VMS and Broken Hill style base metals and PGE rights with TAM retaining the rights to gold mineralisation, similar to the agreement entered into by TAM with BHP Billiton/Teck Cominco during 2002.

Since 1994, TAM has focused its gold exploration efforts and built up its large ground holdings in the Tanami-Arunta Province of Central Australia. During this period, TAM has had exploration success at the Larranganni gold project where resources of 180,000 ounces have been discovered. The Company's gold exploration success and ground holdings have also resulted in joint ventures with major gold producers Barrick Gold Corporation (Barrick) and Newmont Mining Corporation (Newmont) both of which are currently undertaking drill programs on TAM's tenements. In addition, TAM is currently drilling on a number of its 100% owned gold projects and is exploring for gold at Kintore in joint venture with Troy Resources NL (Troy).

During the period 1994 to 2003, TAM compiled a Province wide database targeting gold which has resulted in the Company securing a major tenement holding including a large area extending to the southeast of the Granites-Tanami region which incorporates the historical goldfields of Winnecke, Arltunga and Claraville to the east of Alice Springs.

While TAM's early gold exploration efforts were focused on the western half of its tenement holdings, a region hosting major gold resources (Callie, The Granites and the Tanami mine), the Company's gold exploration programs undertaken in recent years have included regional programs in the under explored eastern region around Alice Springs. This work has demonstrated that while the Alice Springs region is prospective for gold, it also has significant potential for Volcanogenic Massive Sulphide (VMS) Cu-Zn-Ag and Broken Hill style Pb-Zn-Ag base metal mineralisation and platinum-palladium mineralisation. The recently recognised base metal potential of this area has resulted in a number of major mining companies securing tenement holdings in the region.

Consistent with TAM's focus on gold, the Company is currently drilling a number of 100% owned gold prospects, its joint venture partners Barrick, Newmont and Troy are exploring and drilling gold targets and an evaluation team (technical and commercial) has commenced assessment of AngloGold Limited's Coyote gold deposit and Western Tanami tenements with the intention of TAM bidding for such assets.

While TAM is focusing on its gold projects, TAM's investment in and management of PIL will ensure a focus by PIL on further drilling of its VMS (Cu-Zn-Ag) Jaguar deposit leading to completion of a bankable feasibility study. In addition, further drilling is planned by Inmet (65%) and PIL (35%) for the surrounding Teutonic Bore Joint Venture tenements targeting further VMS mineralisation. TAM rates the prospectivity of this area as very high for the discovery of additional VMS deposits and gold and nickel mineralisation based upon the recent discovery of Jaguar and the LionOre/Dalrymple Thunderbox (gold) and Waterloo/Amorac (nickel) discoveries located 30 kilometres NNW of Jaguar.

Given TAM's view that PIL is likely to develop the Jaguar Project and have an interest in possible new discoveries within the Teutonic Bore Joint Venture, PIL is likely to generate cash flow over a number of years which in part will be applied to generate new projects and growth opportunities. Given TAM's large Central Australian project area which is prospective for VMS base metal and PGE mineralisation and over which access agreements have been executed with traditional Aboriginal owners, TAM offers PIL an excellent opportunity to secure new base metal projects with TAM benefiting from any gold results returned from PIL's exploration programs.

As both companies' development plans are progressed during the next few months, it is intended a formal joint venture agreement will be entered into between TAM and PIL in relation to the base metals and PGE rights on TAM's large Central Australian project area.

Yours faithfully
Tanami Gold NL



Denis Waddell
Managing Director