TANAMI
GOLD NL

3 June 2004

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

Dear Sir

Acquisition of Newmont's Reynolds Range Project

Tanami Gold NL (Tanami Gold) is pleased to announce that it has entered into an Option Agreement to acquire a 100% equity in EL(A) 23888 (the Project) from Newmont Australia Limited (Newmont). The Project hosts the Sabre and Falchion gold prospects from which best intercepts of 30 metres @ 2.5 g/t Au and 12 metres @ 3.9 g/t Au have previously been returned.

The Project is located 200 kilometres northwest of Alice Springs. Previous exploration by Newmont identified over 30 kilometres strike of anomalous gold, gold-copper and gold-arsenic antimony values outcropping or covered by shallow alluvium/colluvium. The agreement with Newmont includes a provision for Newmont to acquire majority ownership if a resource in excess of 750,000 ounces of gold is discovered by Tanami Gold.

The major Trans Tanami Fault structural corridor which passes through the tenement can be traced to the Granites/Callie mine area located 300 kilometres to the WNW. The tenement is underlain by Proterozoic Lander Rock Beds which are correlated with the Killi Killi Beds, host to the Groundrush and Coyote Gold Deposits in the Tanami district.

The acquisition complements and provides the focus for exploration on the Company's 100% Napperby - Reynolds Range Projects.

Previous exploration by Newmont focused on shallow covered/sub-crop areas where anomalies were outlined by vacuum drill holes and/or surface geochemistry. Follow-up RAB and RC percussion targeted these main anomalies leaving significant areas of +10metres cover untested. These under-explored areas will form a major focus for Tanami Gold, including in particular a number of untested walk-up drill targets developed from the interpretation of a low level aeromagnetic survey carried out by Newmont.

TANAMI GOLD NL A.B.N. 51 000 617 176 LEVEL 4, 50 COLIN STREET, WEST PERTH 6005 WESTERN AUSTRALIA
PO BOX 1892, WEST PERTH 6872, WESTERN AUSTRALIA
TELEPHONE: +61 (08) 9212 5999 FACSIMILE: +61 (08) 9212 5900
EMAIL: tanamigold@tanami.com.au WEB: www.tanami.com.au

The principal terms of the Option Agreement are as follows:

1. Tanami Gold to be assigned 100% equity in the Project following exercise of the Option.

2. Tanami Gold may exercise the Option following expenditure of a minimum of A$165,000 within one year of gaining access to the tenements (including land access costs prior to the grant of tenure).

3. If Tanami Gold discovers an aggregate measured and indicated resource containing more than 750,000 ounces of gold, then Newmont can elect to acquire 75% equity in the Project by paying Tanami Gold 200% of all expenditure on the Project up to the time of Newmont's election, and paying Tanami Gold a Net Smelter Royalty on its (Tanami Gold's) share of production at the rates set out in (5) below. Newmont will have the right to become the operator of the Project and Tanami Gold will be free carried until Newmont has contributed further expenditure of A$60 million. Upon the free carried cap of A$60 million being expended, Tanami Gold can elect to either contribute to expenditure pro-rata or reduce its free carried interest from 25% to 10% at which point it will be free carried through to production.

4. If Tanami Gold discovers an aggregate measured and indicated resource containing less than 750,000 ounces of gold then Newmont shall have no right to acquire equity and a Net Smelter Royalty on all production shall be payable to Newmont (see (5) below). However, if after the commencement of mining the aggregate resource is shown to be more than 750,000 ounces of gold, then (3) above shall apply.

5. The Net Smelter Royalty rate shall be 1% at a gold price of less than A$600/ounce, 1.5% at a gold price of A$601-A$650/ounce, 2% at a gold price of A$651-A$700/ounce or 2.5% at a gold price of more than A$700/ounce.

6. Both parties hold a pre-emptive right over the other party's equity.

A first meeting with the traditional owners and the Central Land Council (CLC) was held in October 2003 to discuss the planned 2004 exploration program on tenements surrounding EL(A)23888. Initial advice from the CLC following the meeting is that there are no major impediments to negotiating grant of the tenement and an Access Agreement. Based upon the advice from the CLC, the Company is hopeful of gaining access to the Project area for exploration in the second half of the 2004 field season.

Yours faithfully
Tanami Gold NL

Denis Waddell
Executive Chairman

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