TANAMI
GOLD NL

30 September 2005

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

Dear Sir

POSITIVE RESULTS AT COYOTE

The Directors of Tanami Gold NL are pleased to provide the following positive update on the recently completed drilling program and ongoing mine development plans for the Coyote Gold Project.

The Company is currently nearing completion of mining studies for the Coyote Gold Project based on the development of an open pit followed by a high grade underground operation. In support of these studies the Company has recently completed a diamond core drilling campaign aimed at further increasing high grade resources.

HIGHLIGHTS

- **Successful diamond core drilling program completed, resulting in significantly increased confidence in the geological model, grade distribution and continuity of mineralisation.**
- **New high grade lodes – *Scooby Lode* - identified with 'bonanza' grades intersected including:**
  0.2 metres at 847g/t Au from 178.1 metres depth
  0.3 metres at 143g/t Au from 173 metres depth
- **Preliminary mine design completed.**
- **Revised processing design determined.**
- **Capital costs significantly reduced.**
- **Operating costs significantly reduced.**
- **Targeting a development decision in the December 2005 Quarter.**

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2005 DIAMOND DRILLING PROGRAM

Early in 2005 the Company completed an advanced geological study aimed at understanding the geological controls on the localisation of high grade mineralisation. This work has resulted in a much greater confidence in the continuity of mineralised lodes and the ability to intersect predicted lode positions in follow-up drilling. In turn, this has resulted in successfully delineating further incremental extensions to existing high grade mineralised lodes and importantly to the discovery of new high grade lodes.

The diamond core drilling at Coyote has returned numerous high grade intersections providing additional confidence in the location, width and tenor of gold mineralisation (**see Figure 1 and Table 1**).

TABLE 1:
Significant Assay Results Returned from 2005 Coyote Diamond Core Drilling Programs

Hole	From	To	Intersection
CYDD 128	157.0	158.0	1m at 81.7g/t Au
CYDD 129	189.0	190.0	1m at 31.2g/t Au
CYDD 129	147.0	150.0	3m at 29.4g/t Au
CYDD 130	260.0	264.0	4m at 28.6g/t Au
CYDD 138	270.7	271.7	0.95m at 32.2g/t Au
CYDD 140	176.0	180.6	4.6m at 7.3g/t Au
CYDD 141	102.0	103.0	1m at 29.5g/t Au
CYDD 144	235.6	235.9	**0.3m at 450g/t Au**
CYDD 145	213.7	214.1	0.4m at 79.9g/t Au
CYDD 148	205.8	206.2	0.4m at 50.8g/t Au
CYDD 149	173.0	173.3	**0.3m at 143g/t Au**
CYDD 149	223.0	223.6	0.6m at 34.1g/t Au
CYDD 149	272.6	272.8	**0.2m at 135g/t Au**
CYDD 150	178.1	178.3	**0.2m at 847g/t Au**
CYDD 150	232.6	232.9	**0.3m at 210g/t Au**
CYDD 151	*Visible gold in Hole CYDD151 – results pending*		

Visible free gold is commonly observed in the high grade Gonzales-Buggsy lodes. **Figure 2** shows a new lode identified in the Gonzales area – named the Scooby Lode - comprising a narrow gold-bearing quartz vein intersected over a strike length of 100 metres and returning an assay of 0.2 metres at 847g/t Au from 178.1 metres depth.

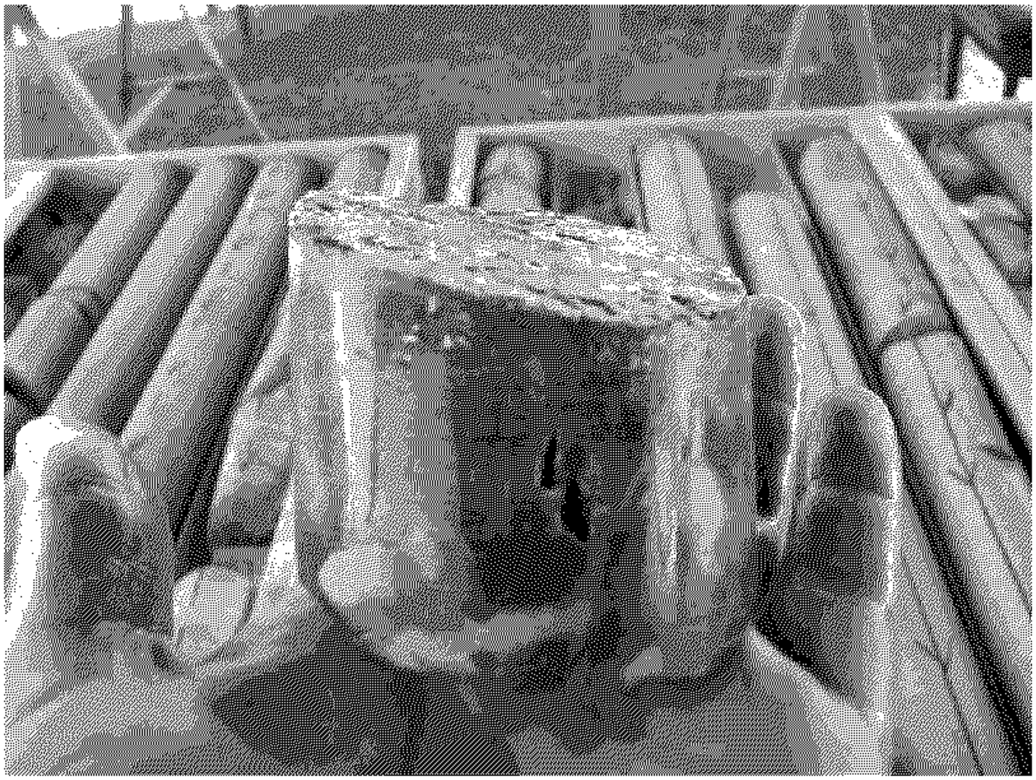


Figure 2

Resources

The Coyote Gold Project mining study has progressed during 2005 based on the previously stated global resource estimate of 2.7Mt at 5.2g/t Au for 449,000 ounces gold.

Due to the high grade nuggety nature of the Coyote gold deposit, the Company considers the global resource estimate to be conservative and recognises that grade, and consequently overall ounces, may be under-estimated. Although this is inherently difficult to accurately quantify, investigations into a potential 'under-call' of gold grade in the current resources have been undertaken during 2005.

A re-assaying exercise was recently conducted on a suite of 48 drill samples derived from the Gonzales Lode using a cyanide leach 'bottle-roll' technique aimed at extracting 100% of the gold from a larger sample (1-2kg compared to standard 50g fire assay charges). While the Company is cautious in extrapolating the results of the trial based on the statistically small sample population, the bottle roll results indicate that the standard fire assay technique (which comprises >99% of the assay database used in resource estimation) could have under-estimated the 'true' grade of the Coyote deposit. For example, in the grade range 0.5 to 1.5g/t Au, the 'bottle rolls' reported 30% more gold.

Resource Estimation

Updated resource estimation work is currently being undertaken incorporating the latest 2005 drilling results, aimed at producing a mining reserve for Stage 1 of the Coyote Gold Project mine development which the Company plans to finalise during the December 2005 Quarter in anticipation of a positive decision to develop the Project.

COYOTE GOLD PROJECT DEVELOPMENT

Following a decision to defer the development of the Coyote Gold Project in early 2005, the development plan underwent a significant change in focus as a result of the negative impact of increased capital and operating costs. The need to reduce capital and operating costs led the Company to consider alternative development options by focussing on the primary characteristics of the Project – high grade, excellent metallurgy and soft rock strength. The review undertaken included re-examination of the mining methods with a view to narrow vein, high grade mining combined with a simple, efficient process plant that capitalises on the soft nature of the ore feed while minimising capital outlay.

Open Pit

The revised open pit mining plan is based around mining as efficiently as possible while maintaining the ability to recover high grade material with minimal dilution. A combination of ripping and paddock blasting while utilising the latest in 110 tonne class excavators should achieve this outcome. The Company will be selecting an open pit contractor that can work closely with the mining team on site to achieve the desired outcomes.

Underground Mine

The underground mining operation at Coyote is the primary driver for the Project. The high grade of the main Gonzales lode (23 g/t Au) dictates that the optimal cash flow will be derived by mining this ore as cleanly as possible while keeping footwall development to an absolute minimum. To this end, the underground primary decline will be developed on ore providing early feed to the processing plant from underground. Smaller, mechanised equipment will be used, to keep dilution to a minimum.

Processing Plant

In the original feasibility study the Company contemplated re-locating the already purchased Brocks Creek Mill from the Northern Territory to site. This mill, while suited to the metallurgy of the Coyote deposit, is expensive to re-locate and operate based on the new lower throughput/higher grade mine design. The re-evaluation of the mining methodology has meant that throughput requirements are significantly less and as the Brocks Creek mill is no longer ideal, it will be sold. Importantly, further metallurgical test work has determined that the gold is easily liberated by coarse grinding (+ 500 to 1500 micron) followed by treatment through a gravity circuit with a vat leach recovery of the residual gold. BeMeX Corporation Pty Ltd has been engaged to engineer the revised processing facility.

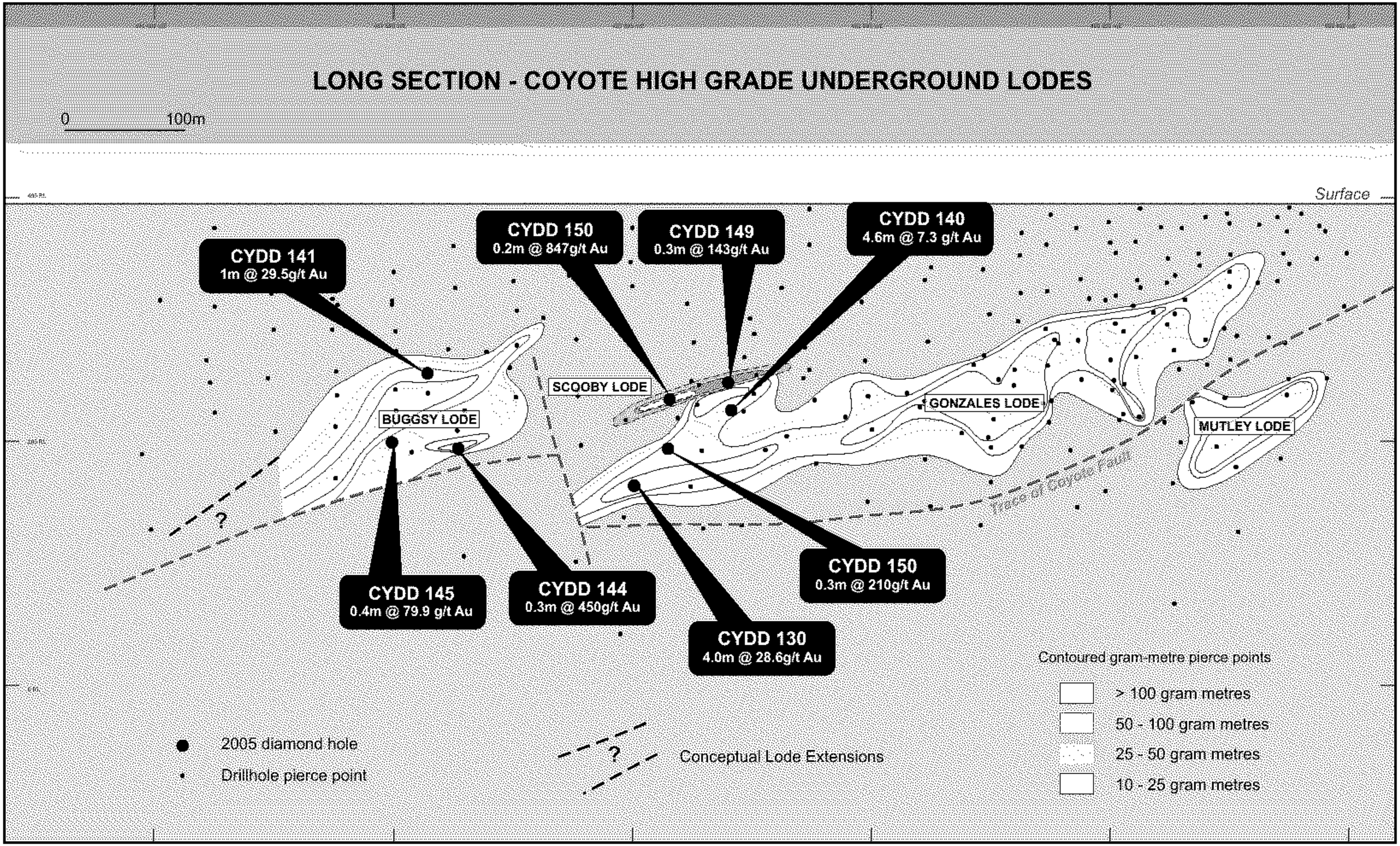
The proposed processing plant is simple in its design, requires minimal energy to crush and grind the ore and by using vat leach technology, removes the capital and operating costs of fine grinding and significant tankage. The plant becomes relatively simple to operate with fewer people, however, it will still have the capacity to process up to 450,000 tpa if required. Tanami Gold will initially operate the plant at around 250,000 tpa. The scaling down of the plant has resulted in significantly less infrastructure being required to support it with a corresponding significant reduction in capital. Although not finalised, it is anticipated capital costs will reduce from the original design of +A$20million to approximately A$7.5million with preliminary estimates of average cash costs targeting A$350 (US$260) per ounce.

The new feasibility study is now at an advanced stage. The Project has progressed positively over the last six months and is now looking robust. Pending statutory approvals, the Project is likely to be developed in the coming dry season. Tanami Gold is targeting production of at least 50,000 ounces per annum with a +4 year mine life for Stage 1 of the Project.

Yours faithfully
Tanami Gold NL

Denis Waddell
Executive Chairman

Note:
This information, so far as it pertains to exploration results is based on and accurately reflects, information compiled by Christopher Mardon and Tim Smith and other members of the Australasian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists, each of whom has had at least five years relevant experience in relation to the mineralisation being reported on to qualify as a Competent Person as defined in the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves.


LONG SECTION - COYOTE HIGH GRADE UNDERGROUND LODES
0
100m
Surface
CYDD 141
1m @ 29.5g/t Au
CYDD 150
0.2m @ 847g/t Au
CYDD 149
0.3m @ 143g/t Au
CYDD 140
4.6m @ 7.3 g/t Au
SCOOBY LODE
BUGGSY LODE
GONZALES LODE
MUTLEY LODE
Trace of Coyote Fault
?
CYDD 145
0.4m @ 79.9 g/t Au
CYDD 144
0.3m @ 450g/t Au
CYDD 150
0.3m @ 210g/t Au
CYDD 130
4.0m @ 28.6g/t Au
Contoured gram-metre pierce points
> 100 gram metres
50 - 100 gram metres
25 - 50 gram metres
10 - 25 gram metres
2005 diamond hole
Drillhole pierce point
?
Conceptual Lode Extensions