TANAMI GOLD NL

21 December 2005

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

Dear Sir

COYOTE GOLD PROJECT
BOARD APPROVES DEVELOPMENT

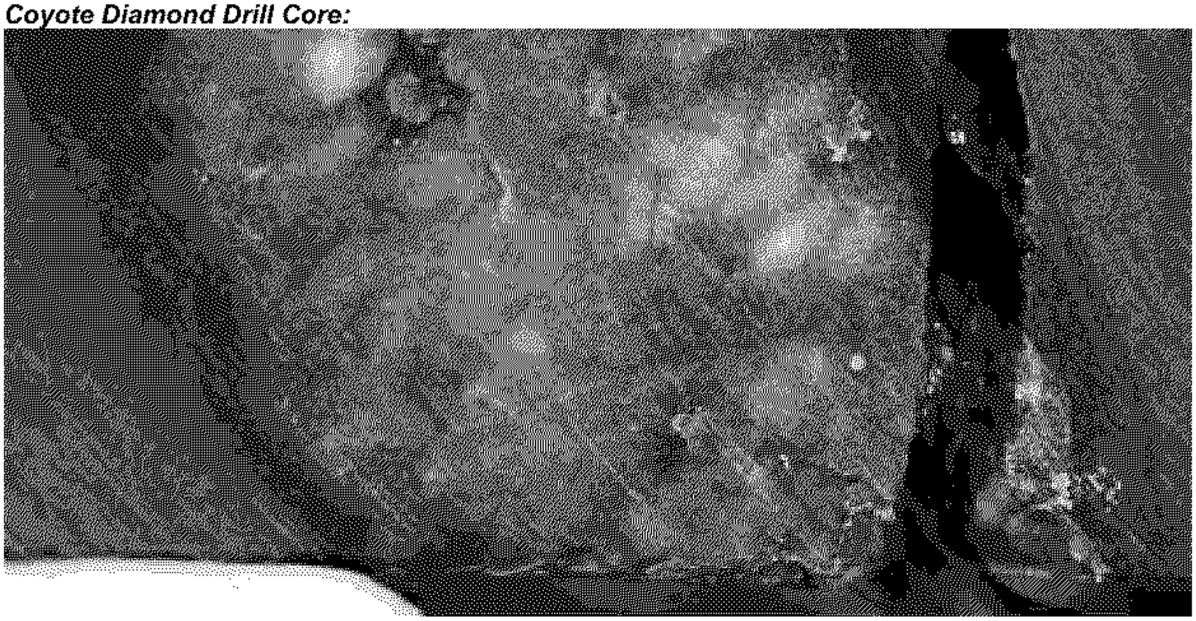
The Directors of Tanami Gold NL are pleased to announce that a decision has been made to develop the Coyote Gold Project commencing early 2006.

The Company is targeting production by mid 2006 at an annualised rate of approximately 50,000 ounces per annum with a +4 year mine life for Stage 1 of the Project. Stage 2 of the Project will be advanced through further drilling during 2006 and beyond, aimed at converting more of the existing resources to reserves and delineating new resources.

Given the relatively low development costs of approximately A$7.5 million together with approximately A$1.5 million for ancillary costs and performance bonds, the Board has committed to the Project based upon the projected cash costs of approximately A$350 (US$260) per ounce.

As announced on 7 December 2005, Tanami Gold has acquired a modular gold processing plant which will enable the Company to efficiently produce gold from the high grade Coyote resource through the processing of up to 450,000tpa of ore utilising a combination of gravity, conventional CIP (carbon in pulp) and vat leaching extraction techniques.

Coyote Diamond Drill Core:



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The plant comprises a two stage crushing circuit, 500 kw ball mill, gravity circuit, small leaching circuit (CIP), elution circuit and gold room. Modifications and pre-commissioning tests will be undertaken in Perth over the next six weeks with relocation planned shortly thereafter.

The current Coyote Gold Project Resources are set out below.

Coyote Gold Project Global Resource Estimate – February 2005

DEPOSIT BY CATEGORY	INDICATED			INFERRED			TOTAL		
	Tonnes	g/t	Ounces	Tonnes	g/t	Ounces	Tonnes	g/t	Ounces
COYOTE	2,320,064	5.48	409,061	342,840	3.61	39,747	2,662,904	5.24	448,809
KOOKABURRA	1,146,312	2.17	79,975	295,865	1.44	13,698	1,442,177	2.02	93,673
SANDPIPER	982,682	3.03	95,856	223,326	2.42	17,361	1,206,008	2.92	113,218
TOTAL	**4,449,057**	**4.09**	**584,892**	**862,031**	**2.55**	**70,807**	**5,311,088**	**3.84**	**655,699**

Notes:
Mineral Resources estimated by interpretation of 0.5g/t Au cut-off envelopes to constrain an Ordinary Kriged (OK) block modelled grade interpolation limited by the application of various top-cuts ranging from 20-190g/t Au. Tonnes and grade are reported at 1g/t Au cut-off. The resource estimate was conducted by Lynn Widenbar (Widenbar and Associates) who is a Competent Person as defined by the JORC code.

Updated resource estimated work is currently being undertaken incorporating the latest 2005 drill results. The new resource will be used to update and extend the mine plan during the March 2006 Quarter.

Positive drill results returned from Coyote during the past six months have coincided with other positive developments relating to the Project including excellent metallurgical results and significantly reduced projected operating and capital costs based upon the new high grade/reduced throughput mine design.

In addition, the Company entered into the Tjurabalan Native Title Coyote Gold Project Agreement mid 2005. A significant effort was made by the Tjurabalan People, the Kimberley Land Council and Tanami Gold in negotiating the agreement which has resulted in fair and equitable terms which are mutually beneficial to all parties. Importantly, the Tjurabalan Aboriginal People's benefits are aligned with the Company's success.

Although the final permit/development approvals are not expected to be in place until late January 2006, many components of the Project are well advanced and will continue to be progressed in order to facilitate development of the Project as early as possible in the new year. In addition, the Company plans to finalise the financing of the Project and ongoing exploration and working capital requirements in early 2006 which is planned to be funded from a combination of internal funds and debt finance.

Given the development of the Coyote Gold Project, the Company is focussed on generating strong cash flows from the Project and gaining significant exploration leverage from drill testing numerous drill targets located within the Company's large prospective land holdings in the Tanami-Arunta Province.

Yours faithfully
Tanami Gold NL

Denis Waddell
Executive Chairman

Note:
This information 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.