TANAMI GOLD NL

QUARTERLY REPORT - 31 DECEMBER 2005

HIGHLIGHTS

CORPORATE

- Development of growth strategy to position the Company as a significant Australian gold producer.
- Project and corporate financing arrangements being finalised.

COYOTE GOLD PROJECT

- The Board has approved the development of the Coyote Gold Project.
- Strong cash flows projected on strength of improving gold price and reduced costs.
- Project on track for June 2006 Quarter production.
- Updated resources and reserves expected in February 2006.

EXPLORATION

- Substantial 2006 exploration program planned to enhance the Company's production profile and to target additional resources and new discoveries.
- Encouraging results from Reynolds Range Project confirms prospectivity.

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CORPORATE

GROWTH STRATEGY

The Company is well positioned in the current climate of favourable gold prices to progress its development into a significant Australian gold producer and achieve substantial gains in shareholder value. Utilising its large prospective ground holdings and its numerous drill targets developed over many years of regional exploration, the Company intends to:

- develop the Coyote Gold Project to production status during the June 2006 Quarter;
- enhance and increase production at the Coyote Gold Project through the conversion of existing gold resources and prospects into near mine reserves; and
- pursue an aggressive exploration strategy aimed at increasing the Company's existing resource inventory and production profile.

PROJECT AND CORPORATE FINANCING

Based upon the updated and improved Coyote Gold Project optimisation studies, the Company is progressing Project finance facilities with various financial institutions. Given the relatively low capital development costs compared to projected cash flows and the positive improvement and outlook of the gold price, the Company favours financing the development of the Project and the funding of exploration/working capital with no or minimal mandatory hedging of gold production. Project and corporate financing facilities will be finalised during the March 2006 Quarter.

COYOTE GOLD PROJECT

COYOTE GOLD PROJECT UPDATE

Following the decision of the Board in December 2005 to develop the Coyote Gold Project pending statutory approvals, the Project is on schedule for development during the first half of 2006.

The Project will produce in excess of 50,000 ounces of gold per annum at an expected throughput rate of up to 400,000 tonnes of ore per annum at an estimated cash cost of A$350 per ounce. Capital development costs are estimated at A$7.5 million with additional ancillary costs and performance bonds estimated at A$1.5 million. Financial modelling of the Project demonstrates robust Project economics which will deliver strong cash flow for Tanami Gold during Stage 1 scheduled to be undertaken over the next four years. The Company anticipates that Stage 2 of the Project, which will be progressed and designed during Stage 1 operations, will result in extended mine life and improved cash flow.

Resource Estimation

The updated Coyote Mineral Resource Estimate and Stage 1 Mining Reserves are currently being finalised. Resources and Reserves will be announced in February 2006.

Project Approvals

Following the grant of mining leases during the December 2005 Quarter, the Project is well positioned for development pending finalisation of the relevant environmental permitting. All necessary documents and applications relating to environmental and development approvals have been lodged and are in the final stage of the approval process. The Company does not foresee any approval issues that will impact on the development timetable.

Development Outline

The proposed mine development incorporates both open pit and underground mining phases. The rally in the gold price has led to re-optimisation of the overall mining designs and has resulted in a robust mine plan. Recent work has focused on detailed design to optimise orebody extraction which now includes additional open pit ore from the Sandpiper and Kookaburra deposits located 35 kilometres north of Coyote. Final reserve figures will be available on completion of the revised resource modelling in February 2006. Figure 1 shows the detail in both the new Coyote resource model and the associated mine development design.

Open Pit

The Coyote open pit development is planned to comprise four stages of mining in three separate pits down to a depth of 100 metres below surface. The pits have been re-optimised using open pit mining costs provided to Tanami Gold in the recently tendered open pit mining contract. Updated optimisation studies using the increased gold price accompanied with a favourable cost structure based upon current contract mining rates, has resulted in a decrease in the mining cut-off grade and an improvement in the reserve position.

Underground Mine

The underground mine design has been further developed during the Quarter. The nature of the upper part of the underground orebody makes it amenable to a combination of mechanical and continuous mining techniques. A roadheader will be used to develop the initial decline and upper levels within the orebody which will allow fast development rates to be achieved with minimal disturbance of the surrounding rockmass. Roadheaders will also enable selective mining of the orebody while developing along strike. The lower levels of the orebody will be developed using conventional drill and blast, stoping and development techniques. The support fleet for the roadheader will be the same fleet that will support the conventional mining equipment.

Accelerated ground support techniques to service the rapid advance of the roadheader have been adopted from the coal mining industry and will allow the roadheader to maximise development rates.

Underground sill development has been designed to allow rapid modification or changes to the stoping techniques as ground conditions dictate providing the opportunity to focus on the precision extraction of the narrow high grade lodes that form the Coyote deposit.

Processing Plant

During the Quarter the Company acquired a modular processing plant that is ideally suited to the Coyote Gold Project. The plant is in the process of being modified to suit the proposed gravity, vat leach and CIP circuit.

The plant is designed to extract approximately 60% of the gold through a gravity circuit, 20% through the vat leaching circuit, with the remainder extracted using conventional CIP (carbon in pulp) processing. Operating costs for this scale of plant are forecast to be relatively low due to the coarse grinding requirements (80% passing 1500 microns) and simple operating logistics.

BeMeX Corporation Pty Ltd (BeMeX) has been engaged to engineer the revised processing facility and a plant operating agreement between Tanami Gold NL and BeMeX is being finalised with a view towards a long term operational relationship.

DEVELOPMENT SCHEDULE

Preparatory site works have commenced with 50% of the dewatering bores completed and ready to be equipped. The second stage of the dewatering drilling program and pump testing to refine the hydrogeological model and pumping requirements is scheduled to commence as soon as weather conditions permit, which is anticipated within the next few weeks. Earthmoving equipment is being mobilised to site in anticipation of civil works commencing when final environmental clearances are obtained.

Tanami Gold is targeting production commencing in the June 2006 quarter.

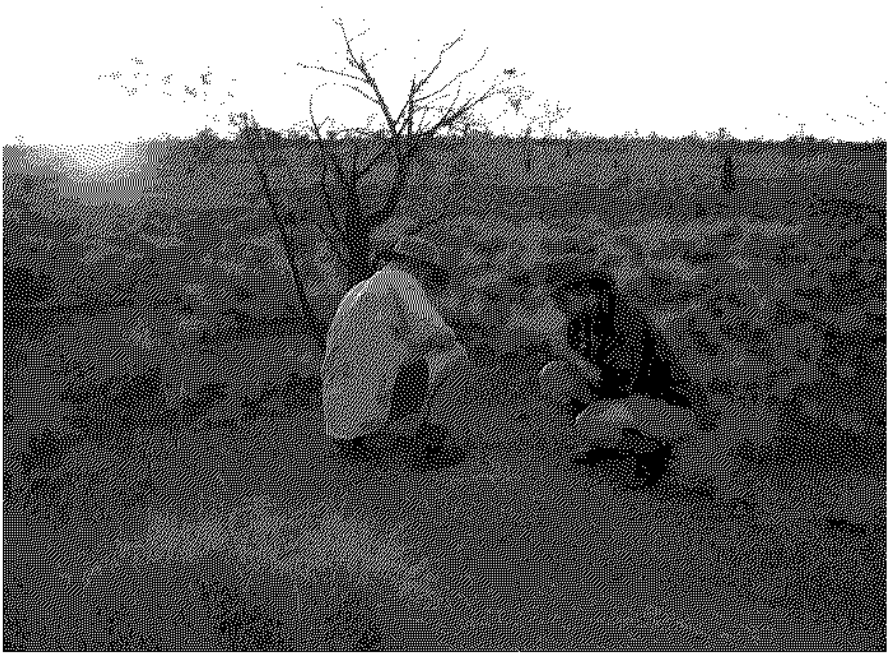
EXPLORATION

During the December 2005 Quarter the Company completed, prior to the onset of the wet season, final exploration programs for the 2005 field season upon its extensive landholdings in the Tanami-Arunta Province (see Figure 2). In the Northern Territory, field work comprised a RAB/RC drilling program at the Reynolds Range Project.

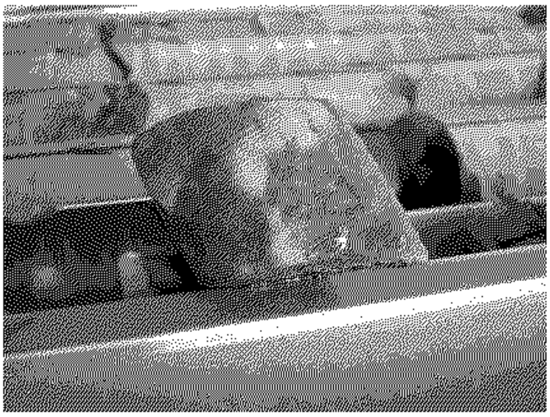
Across all projects the Company's geologists commenced synthesis of the 2005 exploration data with the aim of appraising existing projects and identifying new exploration targets for follow-up exploration in the 2006 field season.

With the objective of realising exploration upside as early as possible, the Company has commenced a detailed assessment and prioritisation of its vast exploration portfolio aimed at allocating funds on a priority basis to projects rated the most prospective based upon certain technical criteria.

The Company plans to resume exploration field work activities in the June 2006 Quarter, commencing with regional drilling programs at the Reynolds Range and Lake Mackay Projects in the Northern Territory.



WESTERN TANAMI PROJECT



COYOTE GOLD PROJECT

The Company is assessing near mine exploration targets within trucking distance of the Coyote Treatment Plant with the aim of increasing the previously stated resource inventory. The Company anticipates that several existing gold deposits and prospects can be converted into near mine resources with minimal additional drilling.

The Company's geologists are also merging the extensive high quality geological data which were gathered at the Coyote and Bald Hill areas during the 2005 field season, including relogging of diamond core, Sub Audio Magnetic surveys and the Tanami Seismic Survey conducted by Geoscience Australia and the Geological Surveys of Western Australia and the Northern Territory. The Company is confident that this geological data, in combination with ongoing research and interpretation by the Company's geologists, consultants and third party research institutes, (particularly with the benefit of having 3D geological exposure at the Coyote and Bald Hill gold deposits during the course of open pit and underground mining), will lead to further significant advances in geological understanding and in turn generate numerous exploration targets both near-mine and regionally.

NORTHERN TERRITORY PROJECTS

REYNOLDS RANGE PROJECT

- ***Follow up drilling to test numerous targets is planned for the June 2006 Quarter.***

The Reynolds Range Project (see Figure 3) comprises 80 kilometres strike of contiguous prospective Lander Group metasediments within the Trans-Tanami fault corridor which extends from Callie and The Granites gold camps in the Tanami Province some 300 kilometres southeast to the Reynolds Range Project area. The Reynolds Range Project comprises tenements subject to the Lander Joint Venture with Select Resources Pty Ltd and the Reynolds Range Option agreement with Newmont Gold Corporation, in addition to 100% held tenure.

Previous exploration at Reynolds Range identified several advanced gold prospects with drill intercepts peaking at 19 metres at 3.4g/t Au from 28 metres depth (RRAB2043) at the Sabre Prospect.

During 2005 the Company completed data compilation, geological interpretation and target identification leading to a drilling program conducted during the December 2005 Quarter. A total of 132 holes for 5,924 metres were drilled comprising a mixture of RAB, aircore and slimline RC drilling at nine targets ranging from greenfields areas to advanced prospects.

The drilling program returned encouraging gold values at all targets drilled and confirmed the prospectivity of the Reynolds Range area to host economic gold mineralisation. Significant assays are listed below in Table 1.

TABLE 1: Significant Assay Results for the 2005 Reynolds Range Drilling Program

Prospect	Hole ID	From	To	Width	Au g/t
Falchion	RRA009	5	19	14	3.83
Falchion	RRA009	27	31	4	0.75
Falchion	RRA010	44	49	5	0.81
Falchion	RRA011	40	44	4	1.46
Falchion	RRB2326	44	48	4	0.47
Yataghan South	RRN026	20	24	4	1.24
Yataghan South	RRN039	52	55	3	0.84
Troutbeck 2	RRN053	12	16	4	1.51
Troutbeck 2	RRN054	24	28	4	2.87

At Falchion the width and tenor of previously identified mineralisation was confirmed, including an intercept of 14m at 3.8g/t Au from 5m (RRA009). Step-out drilling also extended the known mineralised structure along strike in both directions, with intercepts of 4m at 1.5g/t Au from 40m depth (RRA011) over 50 metres to the east, and 4m at 0.5g/t Au from 44m depth (RRB2326) over 100 metres to the northwest. Further step-out drilling is planned.

At Yataghan South infill drilling established the main structural orientation and confirmed continuity of previously recognised mineralisation, returning a best result of 20m at 0.5g/t Au from 16m which included 4m at 1.2g/t Au from 20m depth (RRN026).

At the Troutbeck Prospect drilling stepped-out from known mineralisation and targeted previously undrilled geochemical anomalies. The drilling returned widespread moderately to highly anomalous gold values, with 15 of the 25 drillholes returning plus 50ppb Au assay values in composite samples. Drilling intercepts peaked at 4m at 2.9g/t Au from 24m depth (RRN054) and 4m at 1.5g/t Au from 12m depth (RRN055), extending mineralisation a further 50 metres along strike at the Troutbeck 2 area.

The Company is encouraged by the success of the regional and prospect step-out drilling programs and the widespread gold anomalism generated, and believes it is indicative of potentially large gold mineralisation systems. Further geological analysis is planned to understand the structural controls on mineralisation with the aim of identifying areas in which mineralising fluids may have been concentrated and/or intersected favourable host lithologies. The Company anticipates that geological data gathered from the 2005 drilling program, together with additional mapping and diamond-core relogging programs to be conducted over the wet season, will generate additional drill targets to be tested during 2006.

Follow-up drilling is scheduled to be conducted at Reynolds Range during the half year to June 2006 comprising follow-up to the 2005 programs and testing of numerous regional geochemical and conceptual greenfields targets throughout the extensive strike extent of this prospective terrane.

LAKE MACKAY

- ***Numerous large gold-arsenic anomalies to be drill tested in 2006.***

The Lake Mackay Project and Yuendumu Joint Venture (see Figure 2) covers a substantial region of previously unexplored Lander Group metasediments prospective for gold mineralisation. Exploration to date has led to the identification of several geochemical anomalies and drill prospects such that the project has developed from a previously ignored and hitherto unexplored region in a remote part of central Australia, into a prospective gold field.

The Company has scheduled exploration field work at Lake Mackay for the half year to June 2006 comprising detailed mapping and geochemical sampling to further develop and extend the existing prospects (see Figure 2). Scout drilling will also be conducted to locate new anomalies under shallow cover. The aim of the field programs in the first half of the year is to generate RAB/AC drilling targets to test the potential for economic mineralisation in the second half of 2006.

Web Site
The Tanami Gold NL web site is www.tanami.com.au.

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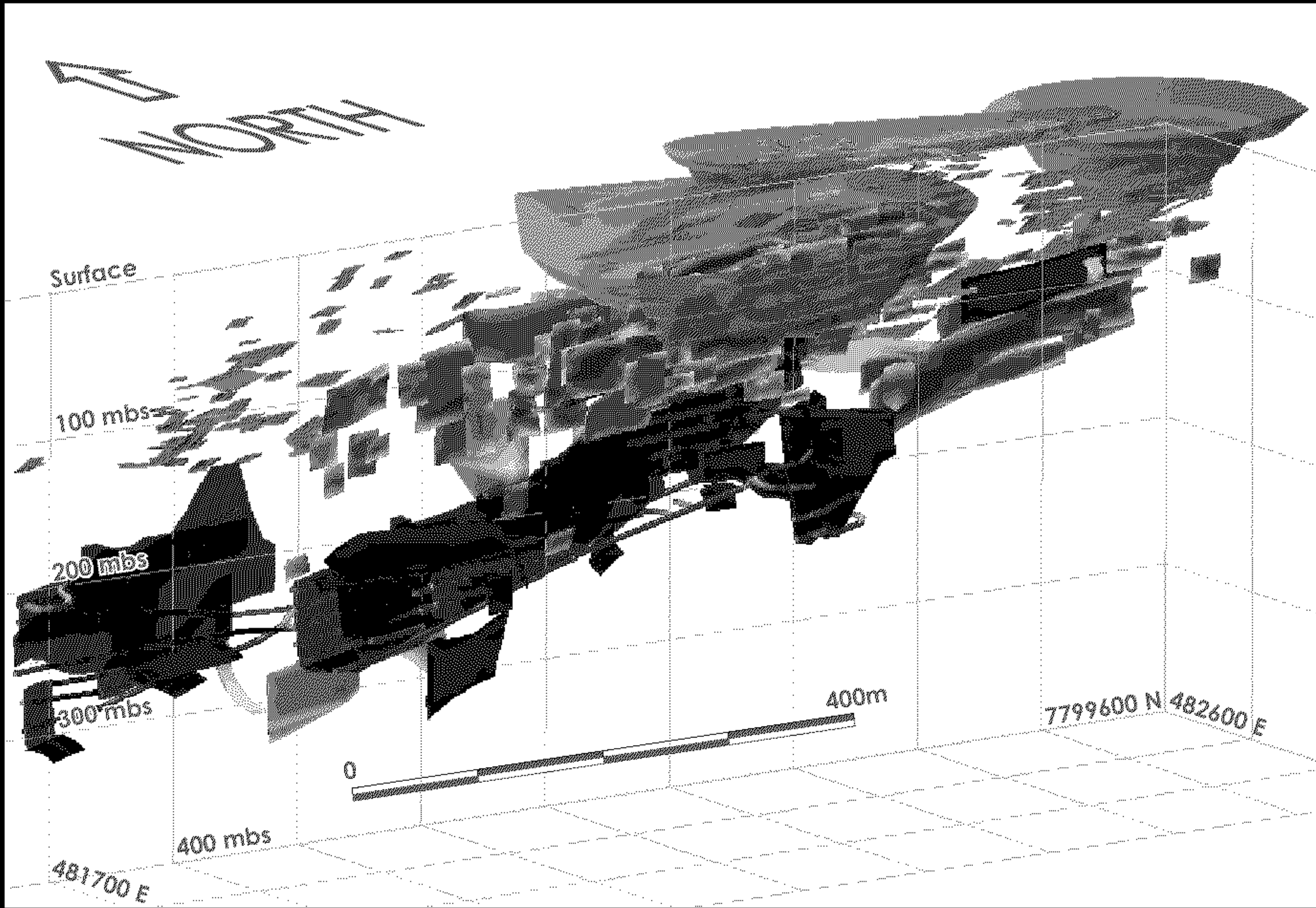
Denis Waddell
Executive Chairman

Dated: 31 January 2006

Note:
This information, so far as it pertains to resources, reserves and 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.



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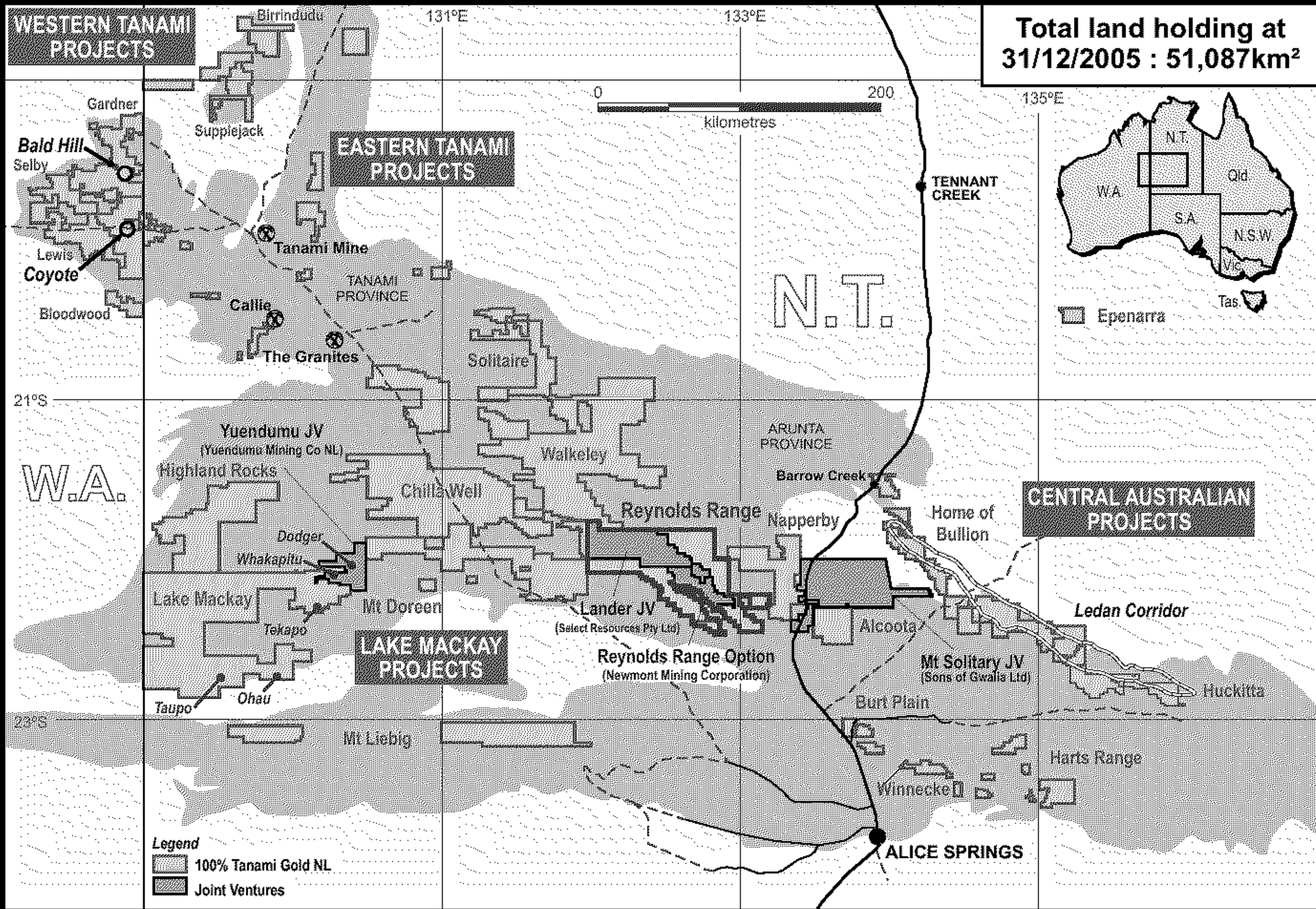
COYOTE 3D MINE DEVELOPMENT

FIGURE 1



PROJECT LOCALITY

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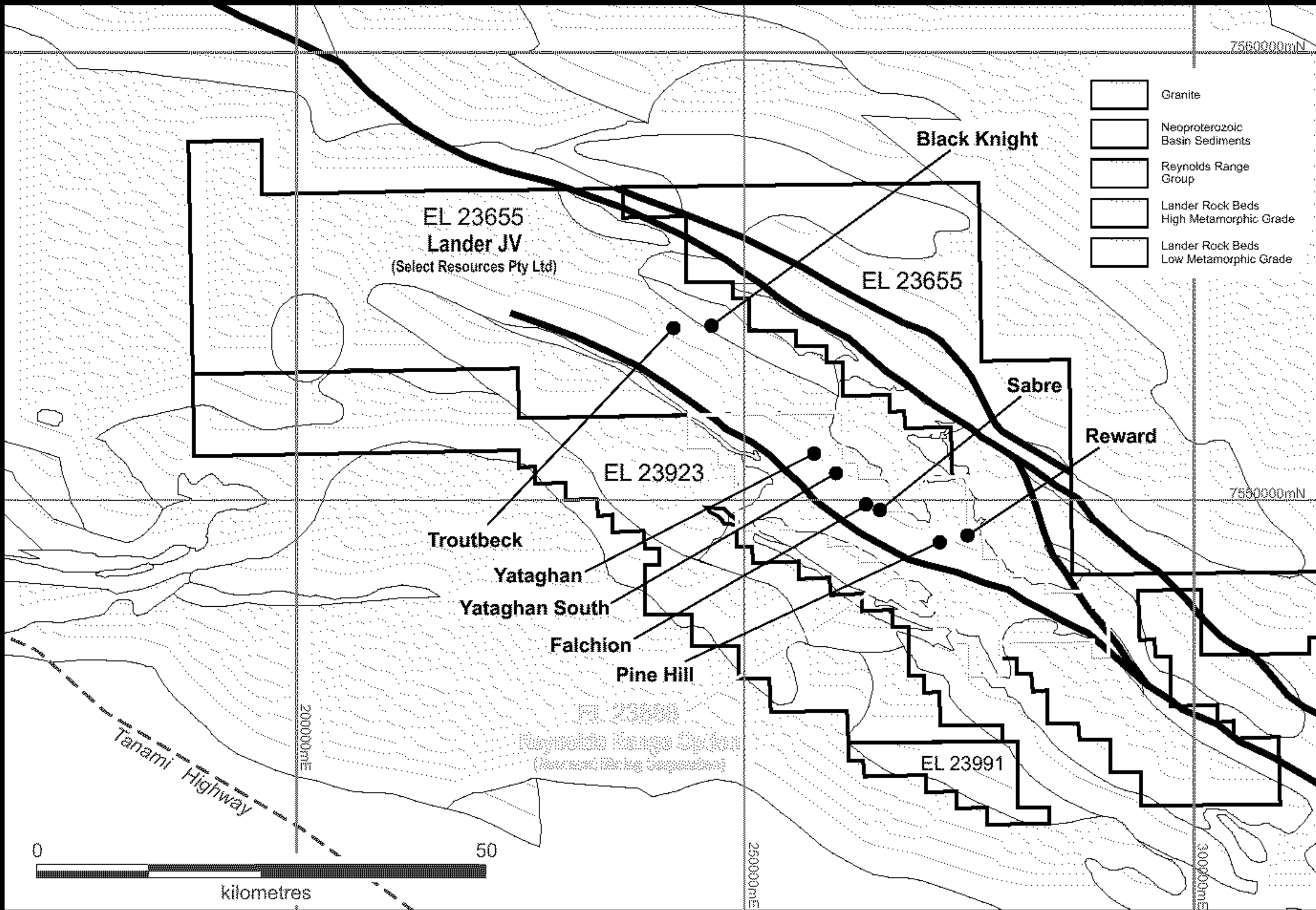
FIGURE 2



REYNOLDS RANGE PROJECT

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FIGURE 3