

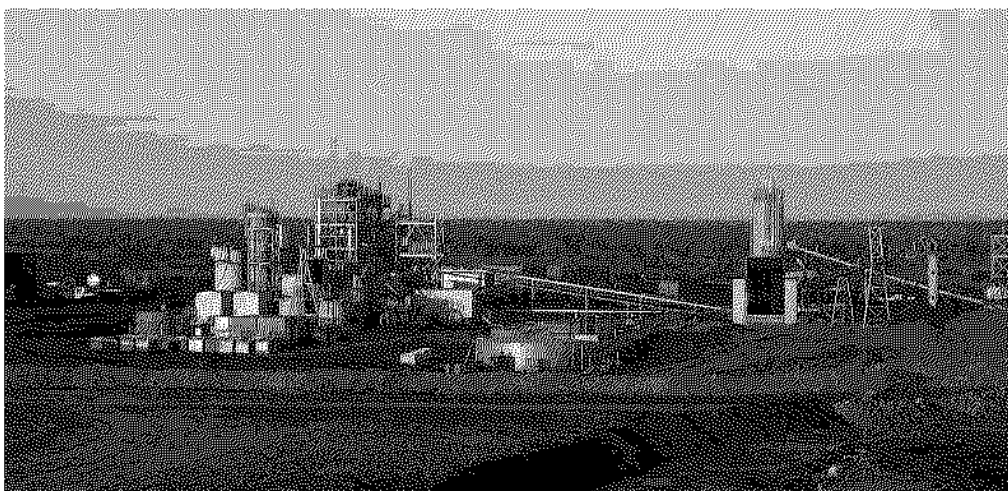
QUARTERLY REPORT FOR THE PERIOD ENDING 31 MARCH 2007

HIGHLIGHTS

- Coyote Gold Project treatment plant modified and operating continuously with plus 90 percent gold recovery being achieved.
- Open pit mining recommenced at Coyote Gold Project on 23 April 2007.
- Diamond drill program currently underway at Coyote including infill holes into the high grade Muttley Lode and to test for along strike and down plunge extensions.
- Visible gold intersected in Muttley diamond drill hole.
- Diamond drill program to test exploration targets located within trucking distance of Coyote.
- The Company remains debt free and has no gold hedging in place.

COYOTE GOLD PROJECT

• TREATMENT PLANT



Treatment Plant

Following the termination of the services of Bemex Corporation Pty Ltd as announced on 21 December 2006, very good progress has been made in rectifying the design and construction problems associated with the treatment plant. Processing of low grade stockpiled ore recommenced on a reduced throughput rate from 18 January 2007.

A review of the process design and treatment plant configuration by the Company's operations management team and independent consultants resulted in a decision to convert the treatment plant to a conventional carbon-in-pulp (CIP) configuration to overcome the gold recovery problems associated with the VAT leach circuit.

The conversion of the treatment plant to a conventional CIP circuit was completed during the Quarter with significantly improved gold recoveries being achieved at +90%. The improved gold recovery has resulted from higher gravity gold recovery from the Knelson concentrators which are now operating on a recirculating load and improved recoveries from the CIP circuit which is achieving much higher recovery levels than the VAT leach circuit which is no longer being used.

The program for completing modifications to the treatment plant includes the installation of additional tankage to provide increased leach residence time to achieve the planned gold recoveries of approximately 95%. The additional leach tanks are required to replace the VAT leach circuit which is no longer used.

The changes to the treatment plant also involved decreasing the grind size of the ore treated through the mill. With the limited residence time in the current CIP leach circuit, mill throughput will continue at a reduced rate until the additional leach tankage is installed which is scheduled to be undertaken over the next six months.

During the Quarter, new treatment plant operators were employed, and training and familiarisation with the plant operation was carried out. Operating throughput during the Quarter was restricted due to heavy rain affecting the clay content of the ore thereby causing numerous blockages in the plant. Throughput steadily increased during the Quarter as the operators became more familiar with the plant and the ore on the ROM pad dried out. The plant feed consisted of low grade stockpiled ore.

A total of 27,996 tonnes of ore at an estimated head grade of 1.1 grams per tonne gold were treated during the Quarter making 109,598 tonnes of ore treated to date. During the Quarter 2,981 fine ounces of gold was poured.

▪ MINING

The Company announced on 23 October 2006 that the mining operations were suspended due to the delayed construction and commissioning of the treatment plant.

No mining was undertaken during the Quarter. Persistent heavy rain during mid-January 2007 resulted in a breach of the bund around pit 3 and flooding of pit 3. Dewatering of pit 3 has now been completed. CDEC the mining contractor mobilised the mining gear to site in late April 2007 when the roads were reopened after the heavy rain. Mining recommenced on 23 April 2007.



Mining Pit 1 - April 2007

The recommencement of mining will enable a full reconciliation of grade and tonnes against the ore reserves now that the treatment plant has been modified to a conventional CIP configuration and the VAT leach circuit has been eliminated from the treatment process.

As the pit deepens, it is expected more continuous higher grade ore blocks will be mined compared to the ore blocks mined to date from the heavily weathered top benches of the open pit.

▪ PROJECT REVIEW

A detailed review of the Project was undertaken by the Tanami Gold operations team and various expert consultants over recent months. As detailed above, the treatment plant modifications have progressed very well and the high recovery levels currently being experienced are expected to continue for the remaining open pit and underground ore.



Visible gold in Coyote core

Following a review of the Project's underground resources/reserves and planned mining method by mining consultants AMC Consultants Pty Ltd (AMC), the Company decided to alter the underground mining method for the Stage 1 mine plan from long hole stoping to cut and fill. The cut and fill method is considered to be a lower risk option as it will provide improved control over mining dilution and greater flexibility to recover the multiple narrow high grade veins included in the existing mine plan. Importantly, the more flexible amended mining method will enable recovery of additional identified high grade veins that are considered likely to be converted to reserves by underground drilling. There remain significant underground resources which are not included in the Stage 1 mine plan which will be subject to underground drilling aimed at converting existing resources to reserves and delineating new resources/reserves.

Although AMC are satisfied with the classification of the majority of the Gonzales and Buggsy lodes as indicated underground resources, they recommended that a number of diamond holes be drilled into the Muttley lode of the underground resource to achieve a higher level of confidence in the tonnes and grade of that lode. The Company plans to undertake this drill program before the decline development commences. The diamond drill program commenced at Muttley on 17 April 2007 and the Company announced on 26 April 2007 that the first infill diamond drill hole at Muttley intersected the lode as predicted at 245 metres down hole with visible gold encountered in several veins occurring over approximately 3 metres down hole. The core has been cut with assay results pending. A revised ore reserve statement will be compiled after this drilling has been completed and the resources and reserves have been re-estimated.

As a result of the review, Stage 1 will now cover the next three years of the Project with a base case production level of approximately 50,000 ounces per annum with the possibility of increasing the production level as more resources are converted to reserves and additional resources/reserves are delineated.

The Company will continue the treatment of low grade stockpiles until higher grade open pit ore is available within the next few weeks following the recommencement of mining on 23 April 2007. Based upon the AMC review, Stage 1 of the Project will include shallower open pits with the decline development now planned to commence in the December 2007 Quarter. Importantly, the planned open pit mining will enable a full reconciliation of grade and tonnes now that the treatment plant is modified to a CIP circuit and is performing well.

In summary, the planned staged development of the Project over the next four to six months will enable the Company to mine parcels of ore from the open pits which will assist in tonnes and grade reconciliation and in achieving a much higher level of confidence in the geological and structural controls on mineralisation. This increased knowledge combined with the Muttley drill results will be important in finalising the design of the underground plan to ensure optimal access to the high grade underground ore (+12g/t Au) which is the key to the success of the Project.

Although the Coyote Gold Project has had a number of start-up difficulties, the Board considers that the Project still holds significant potential to develop into a profitable and expanding operation which can fund further exploration at and around Coyote together with exploration of the Company's extensive exploration portfolio located in the Tanami-Arunta Province of Central Australia. The Company remains debt free and has no gold hedging in place.

EXPLORATION

Following the wet season break to exploration field activities, the Company recently commenced drilling at the Coyote Gold Project in Western Australia. RAB/AC drilling programs are planned for the second half of the year at several highly prospective walk-up drill targets within the Company's extensive Tanami - Arunta landholdings (see Figure 1).

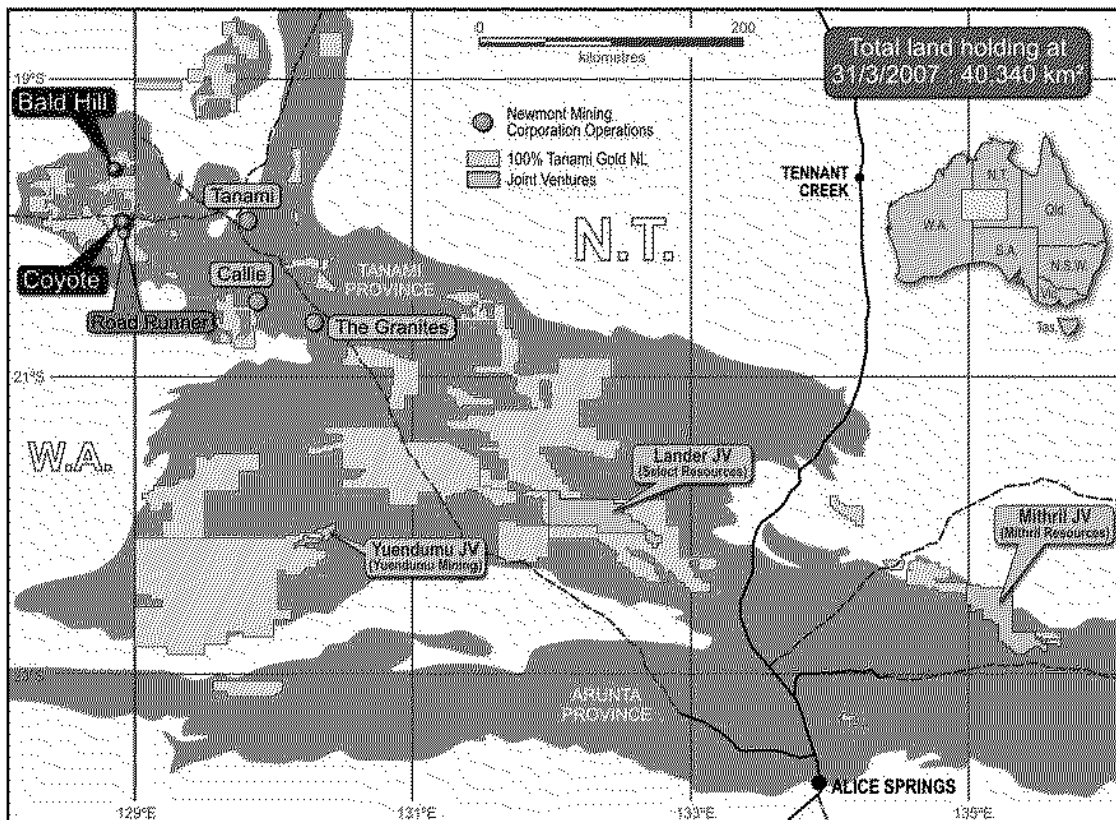


Figure 1: Tanami Gold NL Projects

WESTERN AUSTRALIA PROJECTS

▪ **COYOTE GOLD PROJECT**

Infill diamond core drilling has recently commenced into the high grade Muttley Lode at Coyote (see Figure 2) which is targeted for underground mining in the December 2007 Quarter.

Following the review of the Coyote resources and reserves conducted by AMC Consultants Pty Ltd it was recommended that further drilling be completed into Muttley to increase confidence in the continuity and extent of the high grade lode. The first drill hole completed on 22 April 2007 intersected the Muttley Lode exactly in the interpreted position thereby giving the Company further confidence in its understanding of the geometry and continuity of the high grade mineralisation within the planned Coyote Underground Mine.

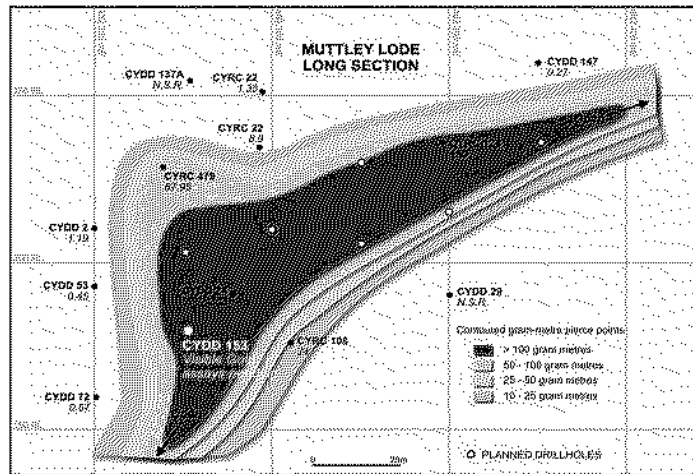


Figure 2: Muttley Lode Long Section

Up to six more holes are planned to further infill the current drill spacing in Muttley with the aim to achieve a high level of understanding of the distribution of high grade nuggety gold within the lode. Drill targets include potential extensions to the east and at depth beyond the current limits of drilling.

Following on from the Muttley drilling program, several deep diamond core holes are planned to target down-plunge extensions to the Buggsy Lode and also to step-out further to the west where the stratigraphic / structural position which hosts the Gonzales and Buggsy lodes is under-drilled at depth (see Figure 2).

Deep drill targets will also be tested at the Road Runner Prospect, 8km south of Coyote, which contains drill intercepts up to 3 metres at 55.9g/t Au from 123 metres in two steeply plunging under-drilled lodes.

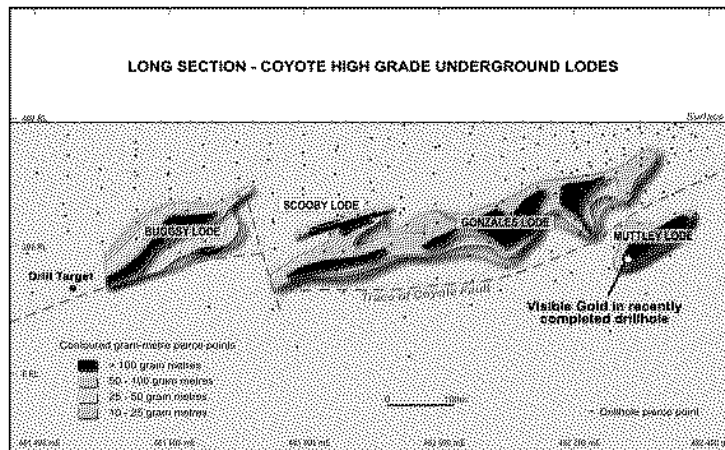


Figure 3 - Coyote Long Section



NORTHERN TERRITORY PROJECTS

No field work was undertaken during the wet season on the Company's extensive land holding within the Tanami-Arunta Province of the Northern Territory. Regional exploration programs on the Company's Northern Territory projects are planned to be undertaken in the second half of the 2007 field season. A number of the projects contain advanced drill targets.

The Company is pleased to announce that Mithril Resources Limited has farmed into two tenements in the Company's Ledan Project with the intention to explore primarily for nickel sulphide deposits. Mithril plans to fly an extensive airborne EM survey over the project area in the June 2007 Quarter.

Mithril can earn 60% in the Relevant Minerals (minerals other than gold, silver and uranium) on the tenements by expenditure of \$1.5M over three years, and upon earning 60% may elect to earn a further 20% by incurring additional expenditure of \$1.5M over three years.

CORPORATE

• EMPLOYEE OPTIONS

Under the terms and conditions of the Company's Employee Share Plan No 2, 1.75 million options have been allotted to a number of existing and new employees. The options allotted are exercisable at 15 cents per option and have an expiry date of 31 March 2012. Consistent with the incentive basis of the Plan, the options will not vest in the employees until two years after the allotment date and provided the employees remain with the Company. Due to the termination of various employees, 0.70 million options exercisable at 22.5 cents per option have been forfeited and 0.85 million options exercisable at 18 cents per option have been forfeited.

WEB SITE

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

Denis Waddell
Executive Chairman

Dated: 30 April 2007

Note:

The information in this report that relates to Exploration Results is based on information compiled by Mr Tim Smith, MAIG, a full time employee and Exploration Manager of Tanami Gold NL. Mr Smith is a member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the December 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Tim Smith consents to the inclusion in the report of the matters based on his information in the form and content in which it appears.