



10 September 2007

Principal Registrar
Titles Division
Department of Primary Industry, Fisheries and Mines
Smith Street Mall
DARWIN NT 0800

BY COURIER

Dear Sir,

**EXPLORATION LICENCE 23888 STAFFORD - ANNUAL REPORT & EXPENDITURE
FORWARD PROGRAM, BUDGET AND REQUEST FOR VARIATION OF COVENANT**

The third anniversary of Exploration Licence 23888 occurred on 12 August 2007.

Please attached find a statement of expenditure for the year ending 11 August 2007, together with a proposed program and budget for year four ending 11 August 2008.

As explained in the attached summary, field work in the area was primarily focussed on an adjacent tenement, EL23655 which lies along strike and which forms the other 50% of Tanami Gold's overall 'Reynolds Range Project'. The work comprised diamond core re-logging, re-sampling and petrological analysis; this study also contributed to an improved geological understanding of Exploration Licence 23888. Initial negotiations were also undertaken with a potential joint venture partner.

As no field work has taken place within the last twelve months, **we ask that this letter be accepted in lieu of the Third Annual Report for the year ending 11 August 2007.**

In addition, as expenditure for the year in the amount of **\$18,367** did not meet the required covenant, pursuant to Section 172 of the Mining Act we wish to **seek a variation of covenant in respect of Exploration Licence 23888 for the year ending 11 August 2007.**

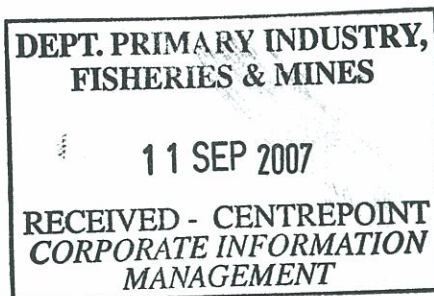
Please find attached our cheque in the amount of \$50.00 in respect of the prescribed fee.

We trust our requests will meet with your favourable consideration. Should you require any further information please contact me on (08) 9212 5913 or email agraham@tanami.com.au

Yours faithfully
Tanami Gold NL

Alicia Graham
Land Manager

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EXPLORATION LICENCE 23888 – STAFFORD 12 August 2006 – 11 August 2007

Summary of Activities - Year Three

In the third year of tenure, the results of the drilling programs completed in Year's 1 and 2 were appraised with the view to make a decision on whether follow-up drilling is warranted. The follow-up drilling program was subsequently rated a lower priority to other work programs in the Arunta in light of a reduced exploration budget in 2007.

Field work in the area during Year 3 was primarily focussed on an adjacent tenement, EL23655 which lies along strike and which forms the other 50% of Tanami Gold's overall 'Reynolds Range Project'. The work comprised diamond core re-logging, re-sampling and petrological analysis; this study contributed to improved geological understanding of EL23888 also. Initial negotiations were also undertaken with a potential joint venture partner.

Total expenditure for the period to 11 August 2007 was \$18,367 as shown in Table 1 below.

Table 1 - EL 23888 Expenditure to 11 August 2007

Cost Element	\$
Salaries and Wages	12,018
Contractors/Consultants	662
Drafting/Computing & Supplies	223
Assays & Sample Storage	494
Camp & Field Consumables & Equipment	67
Vehicles & Fuel	1,917
Travel, Accommodation & Meals	540
Freight	50
Administration/Overheads	2,396
Total	\$18,367
<i>Covenant</i>	<i>\$28,750</i>

Proposed Program and Budget - Year Four

The Year 2 drilling program identified a strike extensive but very low level gold anomaly which warrants follow-up RAB drilling, which is planned to be undertaken in the fourth year of tenure. The exploration budget is therefore unchanged from Year 2.

Table 2 - EL 23888 Proposed Budget 12 August 2007 – 11 August 2008

Cost Element	\$
Drilling	12,000
Geochemical Analysis	2,500
Drafting, Computing, Airphotos	500
Salaries and Wages	5,000
Camp and Field Costs	1,500
Vehicles/Fuel	1,500
Travel/Accommodation	2,000
Administration/Overheads	3,750
Total	\$28,750