



ASX Announcement

15 September 2011

DRILLING CONTRACT SIGNED FOR TAZ AND UTAH CLIPPER PROJECTS IN NEVADA

Highlights:

- **Drilling to commence at the TAZ Project on 21 September 2011.**
- **Drilling to commence at the Utah Clipper Project in late October/early November 2011.**

The Directors of Navaho Gold Limited (Navaho) are pleased to advise that a contract has been signed with Major Drilling for the deployment of two rigs to test deep targets on the TAZ and Utah Clipper projects in Nevada, USA. At TAZ, where up to 4 holes totalling 1200m are planned, an LF-90 diamond core rig is expected to commence drilling on 21 September, whilst a larger capacity LF-140 diamond core rig is expected to complete two deep (each ~1,000m) holes at Utah Clipper commencing late October/early November 2011.

The TAZ Project is located on the Battle Mountain Trend (see Figure 1) 25km southeast of the Cortez Hills deposit (11.47 Moz proven and probable reserves) owned by Barrick Gold Corp. Navaho's interest in the area is via a farm-in agreement with Miranda Gold Corp (TSX-V: MAD) whereby Navaho can earn a 75% interest in the project.

The drill program is principally designed for deep testing of near-surface gold mineralisation defined by an intersection of 21.3m of 1.44 g/t Au from 65m depth in a previous BHP Minerals drillhole VC96-8 (see Figure 2). The BHP drillhole is considered too shallow to have adequately tested the prospective Lower Plate carbonate sequence, host to rich gold mineralisation elsewhere on the Carlin and Battle Mountain Trends.

The Utah Clipper Project is located directly adjacent to Barrick Gold Corp's Pipeline-Gold Acres gold mine complex in the Cortez-Pipeline sector of the Battle Mountain Trend (see Figure 3), a trend that has produced in excess of 25 Moz gold. The area is subject to a farm-in agreement with Columbus Gold Corp (TSX-V: CGT) whereby Navaho can earn a 70% interest in the project.

The drilling will test two deep targets which have associated gold and arsenic geochemical anomalies at surface which may represent "leakage" from underlying gold mineralisation in prospective Lower Plate carbonate rocks. The targets are located in structural settings analogous to the Cortez Hills deposit (see Figure 4) where 6km to the southeast Barrick Gold Corporation, in a press release dated 7 September 2011, announced two significant gold discoveries which have the potential to become world-class (>5 Moz) deposits. An inferred resource of 3.5 million ounces has been outlined at Red Hill with mineralisation open in all directions. Two kilometres further south at Goldrush a drill hole intersection of 20.5m grading 27.8g/t Au has been reported by Barrick.

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Navaho CEO Mark Dugmore said “This drill program is an exciting step for Navaho as it sees the first deep testing of targets with very large tonnage potential analogous to the Pipeline–Cortez deposits in their geological setting and location on the Battle Mountain Trend. Furthermore, the Navaho drill program takes on additional significance in light of Barrick Gold Corporation’s two discoveries as this mineralisation occurs in carbonate rocks analogous to those targeted at Utah Clipper and TAZ.”

FUTURE PROGRAM

This drill program continues the Company's focus on the prolific gold province of the state of Nevada, USA. This work is being completed in parallel with proposed plans in Nevada for further RC drilling in the Stevens Basin, Rose Mine and Whitehorse Flats Projects before years end.

Further information regarding Navaho Gold, its projects, management team and a copy of its Prospectus are available on the Company’s website at www.navahogold.com



On behalf of the Board
Mark Dugmore
Managing Director

Competent Persons Statement

The information herein that relates to Exploration Results is based on information compiled by Mark Dugmore B.App.Sc, MSc, who is a Member of The Australian Institute of Mining and Metallurgy. Mr Dugmore is employed by Navaho Gold Ltd.

Mr Dugmore has more than five years experience which is relevant to the style of mineralisation and type of deposit being reported and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves’ (the JORC Code). This public report is issued with the prior written consent of the Competent Person(s) as to the form and context in which it appears.

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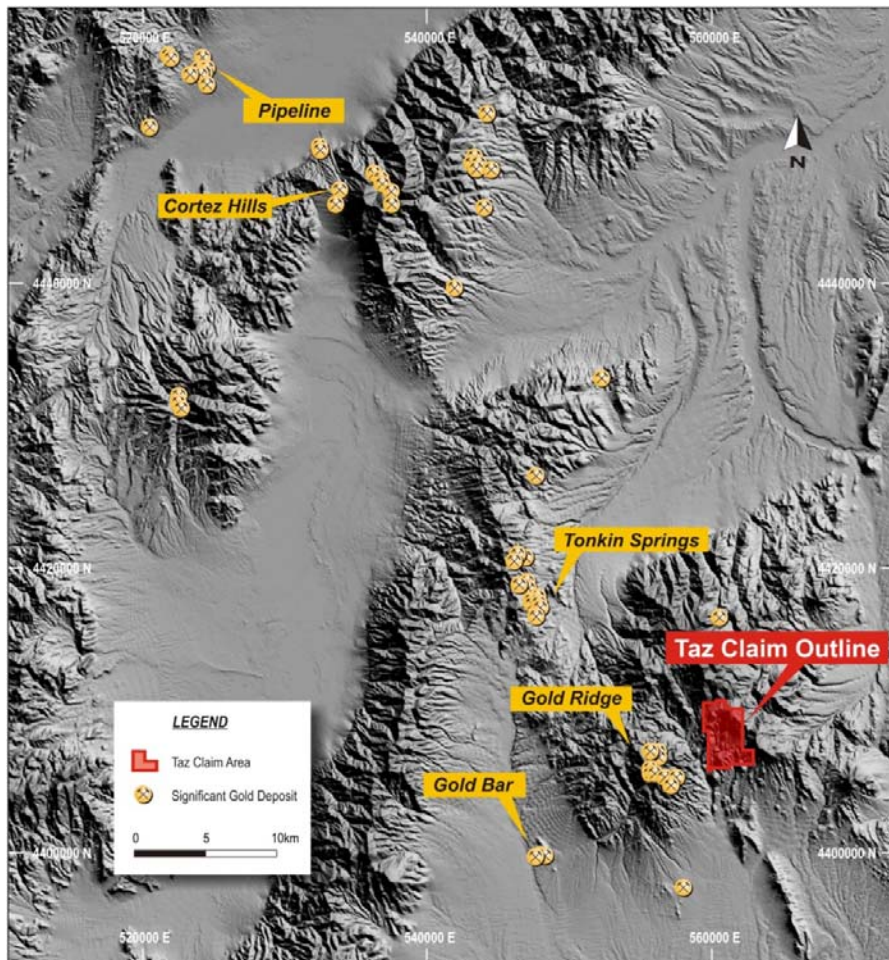


Figure 1. Location of TAZ Project.

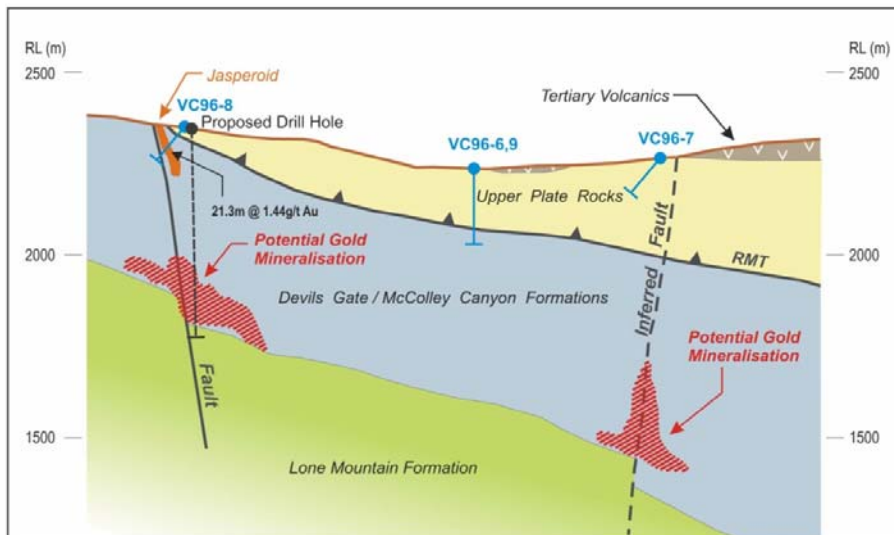


Figure 2. TAZ Project – cross-section and proposed drillhole

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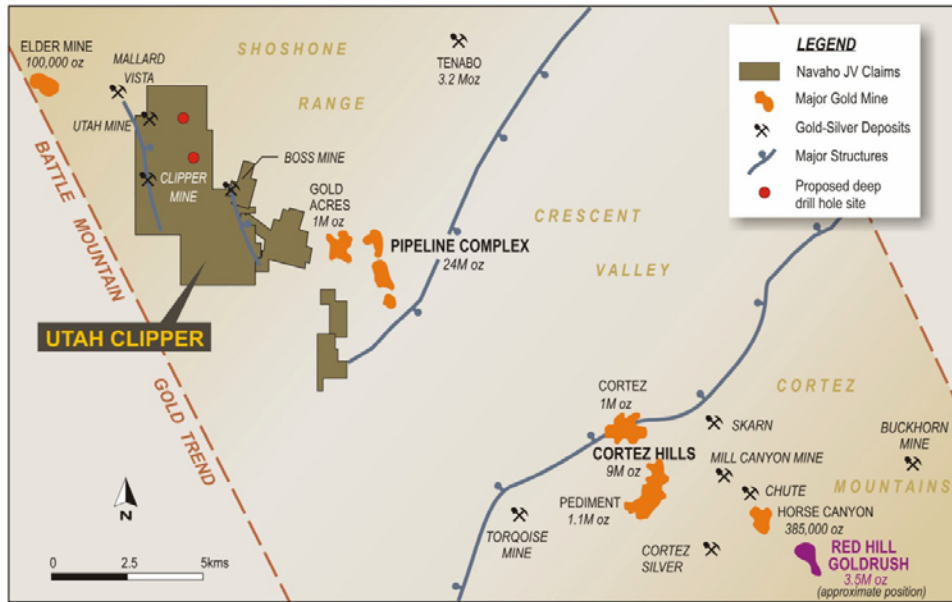


Figure 3. Utah Clipper Project – proposed deep drillhole sites.

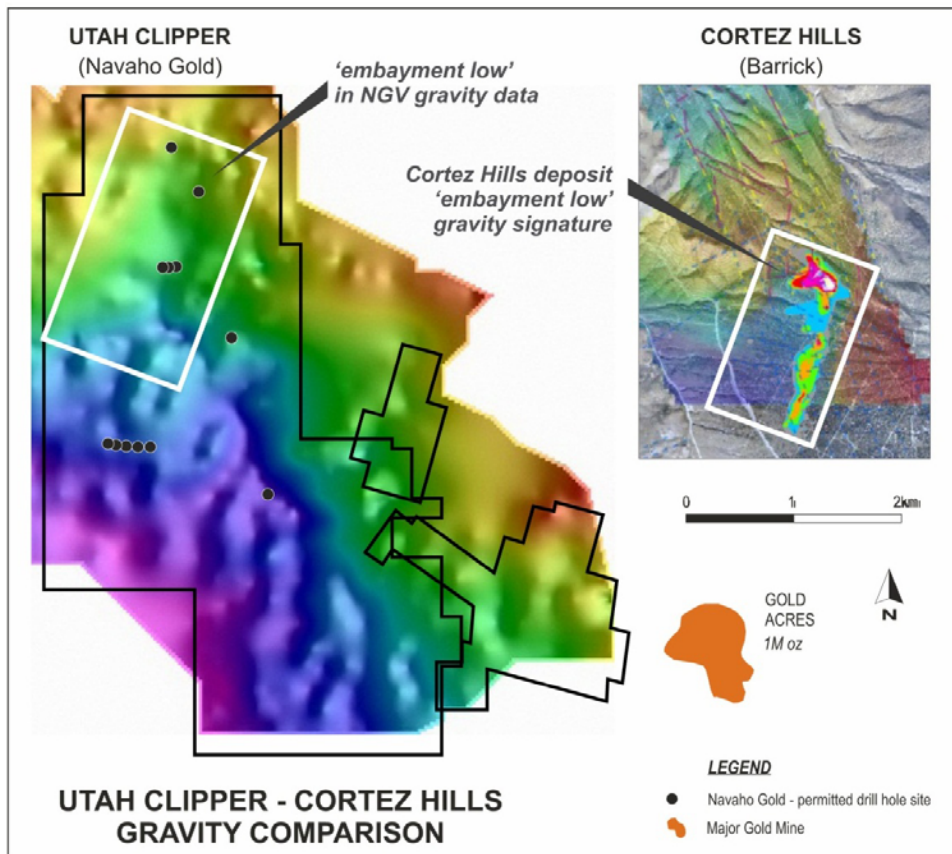


Figure 4. Comparison of structural setting - Utah Clipper Project and Barrick's Cortez Hills deposit.

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About Navaho Gold

Carlin Style Mineralisation

Navaho Gold is clearly focused on the exploration for and ultimate development of “Carlin Style” gold mineralisation. “Carlin” gold mineralisation was recognised near the town of Carlin in Nevada USA in the 1960’s. Carlin deposits occur as the result of low temperature solutions precipitating gold, silver and sulphide minerals in limey, magnesian and carbonaceous sediments, which have first been made a porous and receptive host by the effect of acid solutions emanating from nearby intrusions and fragmentation from fault activity. Carlin orebodies are typically both large and high-grade, ranging up to 40Moz gold (eg. Barrick Gold Corporation’s Post-Betze deposit)¹. Nevada has 20 major mining operations producing in excess of 100,000 oz gold per annum².

Projects in Nevada and Queensland

Navaho Gold has various agreements to earn majority interests in, or acquire, at Navaho Gold’s election, seven projects in Nevada, four of which are located on or adjacent to the prolific gold-producing Carlin and Battle Mountain Trends, and holds exploration licences over three potential new “Carlin” style regions in Queensland.

From the period 1981 to 2009, in excess of 156Moz gold has been produced in Nevada, making it one of the most strongly endowed gold provinces in the World². The Carlin Trend alone has produced more gold than any other mining district in the USA³.

Importantly, Navaho Gold’s Carlin East project in Nevada lies approximately 5km east of Barrick Gold Corporation’s 40Moz gold Post-Betze deposit, and the Utah Clipper project in Nevada is located immediately along trend from Barrick’s Cortez and Pipeline-Gold Acres deposits which contain more than 30Moz gold³.

References:

1. Nevada Bureau of Mines and Geology – Update on Minerals Production & Exploration (2009)
2. Nevada Bureau of Mines and Geology – Minerals Industry Report (2009)
3. Minnelex Pty Ltd – Independent Geologists Report (10 February 2011) for the Navaho Gold Prospectus

Navaho Gold currently has 92,572,000 shares on issue.

Email: info@navahogold.com

Electronic copies and more information are available on the Company website: www.navahogold.com

For further information contact:

Mr Mark Dugmore
Managing Director Navaho Gold Ltd
Ph: 07 3303 0650

Karl Schlobohm
Company Secretary, Navaho Gold Ltd
Ph: 07 3303 0650