



ASX Announcement

13 OCTOBER 2011

NEVADA DRILLING UPDATE: DRILLING COMMENCES AT STEVENS BASIN AND IS COMPLETED AT ROSE MINE

The Directors of Navaho Gold Limited (Navaho) are pleased to advise that the second program of drilling has commenced on the Stevens Basin project in Nevada, USA. On completion, the drill rig will immediately move onto the Whitehorse Flats project. Navaho now has two rigs operating in Nevada to complete programs on 5 projects before the US winter.

Drilling at Stevens Basin

The Stevens Basin Project is located in Eureka Mining District on the Battle Mountain Trend 9km south west of the Archimedes/Ruby Hill deposit (2.23 Moz)⁽¹⁾ owned by Barrick Gold Corp. The area is the subject of a farm-in agreement with Columbus Gold Corp (TSX-V:CGT) pursuant to which Navaho Gold can earn a 70% interest in the project.

The drill program at Stevens Basin is designed to follow up the highly anomalous gold mineralisation intersected in hole SB11-009 (15.2 m @ 0.18 g/t from 35m depth) drilled by Navaho in June 2011 (see ASX release dated 1 August 2011) as well as testing a further suite of structural features identified from interpretation of gravity data, a magnetic target with features analogous to the Archimedes/Ruby Hill deposit, and further multi-element soil anomalies defined by sampling completed by Navaho in recent months. Approximately 1,200m of reverse circulation drilling will be completed in 8-10 holes.

Drilling completed at Rose Mine

The Rose Mine Project is located immediately south of the Stevens Basin project. The area is the subject of a farm-in agreement with Renaissance Gold Inc (TSX-V:REN) under which Navaho can earn a 70% interest in the project.

The drill program tested near-surface gold mineralisation defined by an intersection of 44m grading 0.26 g/t Au from 24m depth in drillhole AR07-02 completed by a previous partner of Renaissance Gold, and soil geochemical and geophysical (both gravity and magnetic) anomalies recently defined by Navaho. Ten holes for a total of 1,512m of reverse circulation drilling was completed at Rose Mine. Samples have been submitted for assay and results are awaited.

Navaho CEO Mark Dugmore adds that "We are pleased at the drilling progress being achieved and look forward to receipt of assay results as they start to flow from the laboratories over the coming weeks".

Navaho Gold

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.

Reference:

1. Past production, proven and probable reserves and inferred resources as stated in Barrick Gold Corporation 2009 Annual Report and Nevada Bureau of Mines and Geology Special Publication MI-2008.

Navaho Gold

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.

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

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