



18 November 2010

Tanami Set to Double Treatment Rate at Western Tanami After Approving \$8M Plant Upgrade

High-grade results continue to extend key deposits at Central Tanami Project

Highlights

- ***\$8 Million upgrade of Western Tanami treatment plant approved by the Tanami Gold Board.***
- ***Upgrade to double plant throughput capacity to 500,000tpa, enabling the Company to increase gold production from its western production hub.***
- ***Numerous new high-grade gold intersections returned from Resource extension drilling at the Southern, Legs and Lynx deposits at the Central Tanami Project, with best hits including:***
 - ***7 metres @ 10.1 g/t Au from 10 metres in SORC10***
 - ***9 metres @ 14.8 g/t Au from 66 metres in SORC10***
 - ***3 metres @ 9.7 g/t Au from 66 metres in SODD10***
 - ***12 metres @ 4.6 g/t Au from 85 metres in SODD10***
 - ***7 metres @ 5.0 g/t Au from 144 metres in SODD1***
 - ***7.6 metres @ 6.4 g/t Au from 256.9 metres in LEDD2***
 - ***3 metres @ 10.8 g/t Au from 108 metres in LXRC43***
 - ***5 metres @ 5.8 g/t Au from 168 metres in LXRC61***

Australian gold producer Tanami Gold NL (ASX: **TAM**) is pleased to announce formal Board approval for an **\$8 million upgrade** of the treatment plant at its **Western Tanami Operations** in Western Australia, representing another important step in its production growth plans.

The upgrade, which will be funded by a combination of debt and existing cash on hand, will double the capacity of the plant from 250,000tpa currently to approximately 500,000tpa, enabling the Company to significantly increase gold production from the Western Tanami.

The Western Tanami Operations produced 47,960oz for the 2010 financial year by treating 227,610 tonnes at an average grade of 6.7g/t Au. The additional plant capacity will enable the Company to leverage off recent exploration success at depth at the Bald Hill open pit operational centre 35 kilometres to the north by increasing mine production.

Stage 1 will initially be undertaken to increase the CIP leach capacity with the installation of three additional leach tanks and improvements to the existing elution circuit. The second stage will see the installation of an additional SAG mill which will double overall throughput capacity to 500,000tpa.

The cost for the upgrade is estimated at \$8 million +/-20% with a six month construction period dependent upon the duration and extent of the wet season.

Confirmation of the planned upgrade of the Western Tanami Operations comes as the Company continues to achieve excellent results from intensive Resource extension and development drilling at its other key emerging production hub, the 100%-owned Central Tanami Project in the Northern Territory.

The latest drilling has significantly extended the known mineralisation at the Southern, Legs and Lynx deposits.

Southern Deposit

The Southern deposit is located approximately 1.5 kilometres south-west of the 1.2Mtpa Central Tanami treatment plant (*see Figure 1*). Historical production from the existing 50 metre deep open pit mine was in the order of 20,000 ounces of gold.

The deposit consists of four distinct 060° and 020° trending, south-east dipping lodes striking for over 500 metres as presently defined. The Company's drilling program has targeted down-dip extensions to these lodes beneath the current Resource limits.

Significant results from recent drilling at Southern include:

- 7 metres @ 10.1 g/t Au from 10 metres in SORC10
- 9 metres @ 14.8 g/t Au from 66 metres in SORC10
- 7 metres @ 5.0 g/t Au from 144 metres in SODD1
- 3 metres @ 9.7 g/t Au from 66 metres in SODD10
- 12 metres @ 4.6 g/t Au from 85 metres in SODD10

The mineralisation at Southern remains open along strike and at depth and further drilling is planned as a follow-up to these encouraging results.

Legs and Lynx Deposits

The Legs and Lynx deposits are located towards the southern end of MLS167 (*see Figure 3*). The significant results presented in Table 1 are from drilling conducted to test for depth and strike extensions of these parallel mineralised structures.

The Legs deposit historically produced approximately 120,000 ounces of gold from a 100 metre deep open pit while **Lynx has not been previously mined** and is a priority deposit for Tanami Gold upon the resumption of open pit mining at the Central Tanami Project.

Drilling at Lynx has tested the structure over approximately 500 metres strike length. The latest results further confirm the existence of two parallel structures at depth dipping approximately 30° to 50° to the south-east, with interval lengths reported approximating true width of the mineralisation.

Significant results from Legs and Lynx include:

- 7.6 metres @ 6.4 g/t Au from 256.9 metres in LEDD2
- 3 metres @ 10.8 g/t Au from 108 metres in LXRC43
- 5 metres @ 5.3 g/t Au from 102 metres in LXRC46
- 7 metres @ 3.6 g/t Au from 126 metres in LXRC57
- 5 metres @ 5.8 g/t Au from 168 metres in LXRC61

Upcoming Exploration

After completing a data review, Tanami Gold has recently commenced a diamond core drilling program at the Carbine deposit, located within MLS167 and 5 kilometres south-west of the Central Tanami processing facility, to test for depth extensions to the known deeper mineralisation.

Carbine was previously mined by open pit methods to a maximum depth of 103 metres, yielding over 90,000 ounces of gold at an average mined grade of 2.7g/t. Diamond and RC drilling by the previous owner Otter Gold Mines Limited identified a strongly mineralised system extending over 1,200 metres down plunge with the mineralisation open in most directions.

The data review clearly identified the outstanding underground potential of the Carbine deposit, which is highlighted through previously reported down hole intersections of:

19 metres @ 8.5g/t in CAD15
11 metres @ 9.4g/t in CAD44
21 metres @ 5.4g/t and 13 metres @ 7.2g/t in CAD9
16 metres @ 18.5g/t in CAD1

At the Bulldog deposit, (an extension of the Dogbolter system and located adjacent to the Lynx deposit), an RC drill program is also underway to test for along strike and down-dip extensions to the deposit. This area has the potential to join a number of the smaller open pits into a single larger open pit.

Commenting on the latest developments, Tanami Gold's Managing Director, Mr Graeme Sloan, said:

"Approval for the Western Tanami plant upgrade marks another important step forward in the Company's growth strategy, laying the foundations for a potential quantum increase in gold output from the current level of around 50,000oz per annum over the next 12 months.

"At the same time, the Central Tanami area is continuing to deliver on its promise with more positive drill intersections being achieved from several key deposits. The Lynx deposit has never been mined and has the potential to be mined together with the Legs and Dogbolter deposits to form a single large open pit. Time and drilling will determine if we can deliver on this concept.

"The continuing success being achieved at the Central Tanami Project in confirming the depth and strike extensions of the mineralised structures provides us with a high degree of confidence that we will be able to add considerably to the current Central Tanami Project Mineral Resources of 1.061 million ounces, which will in turn underpin the recommencement of mining operations."



Graeme Sloan
Managing Director/CEO

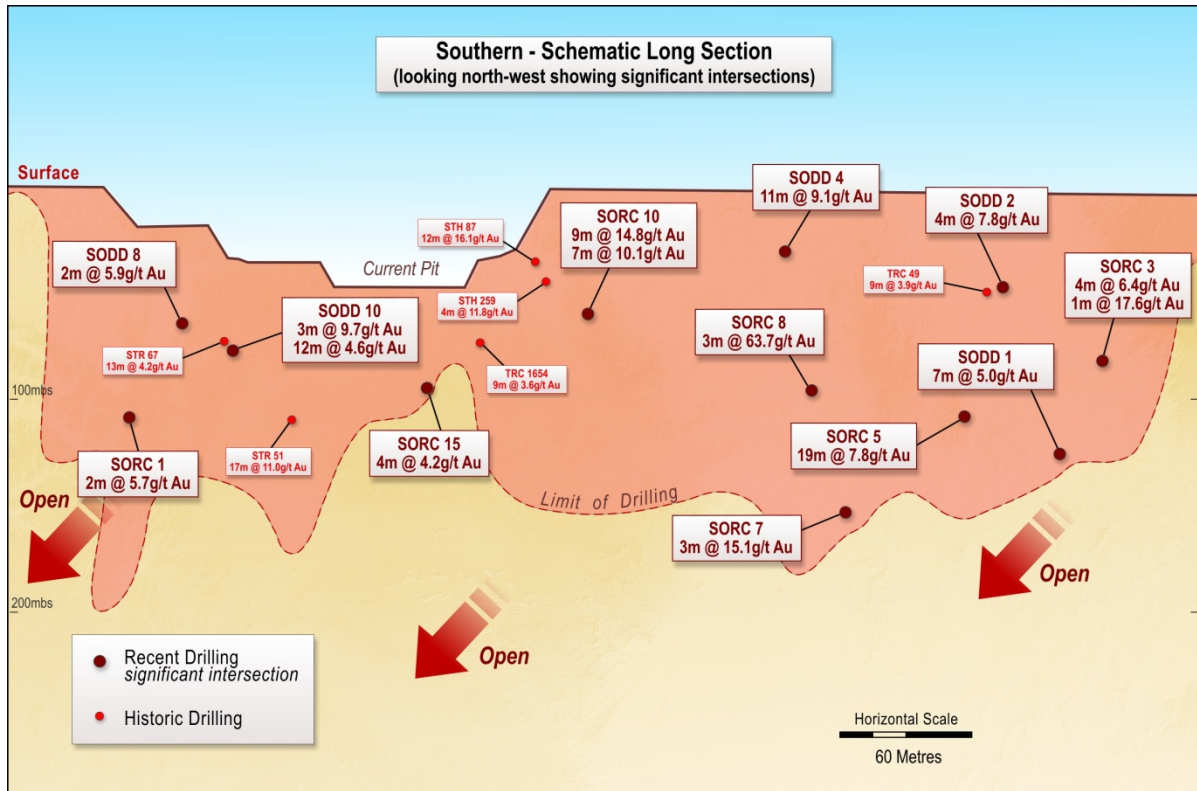


Figure 1: Schematic Long Section of Southern Deposit

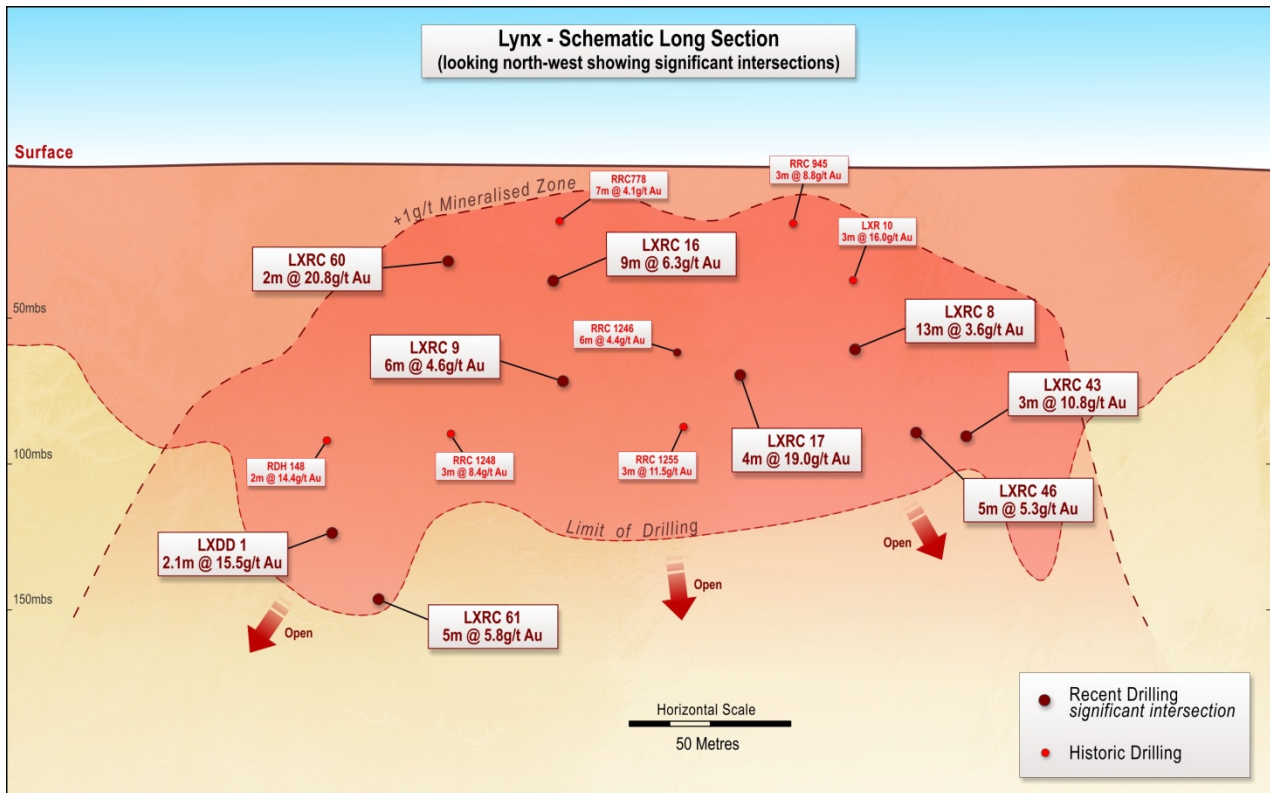


Figure 2: Schematic Long Section of Lynx Deposit

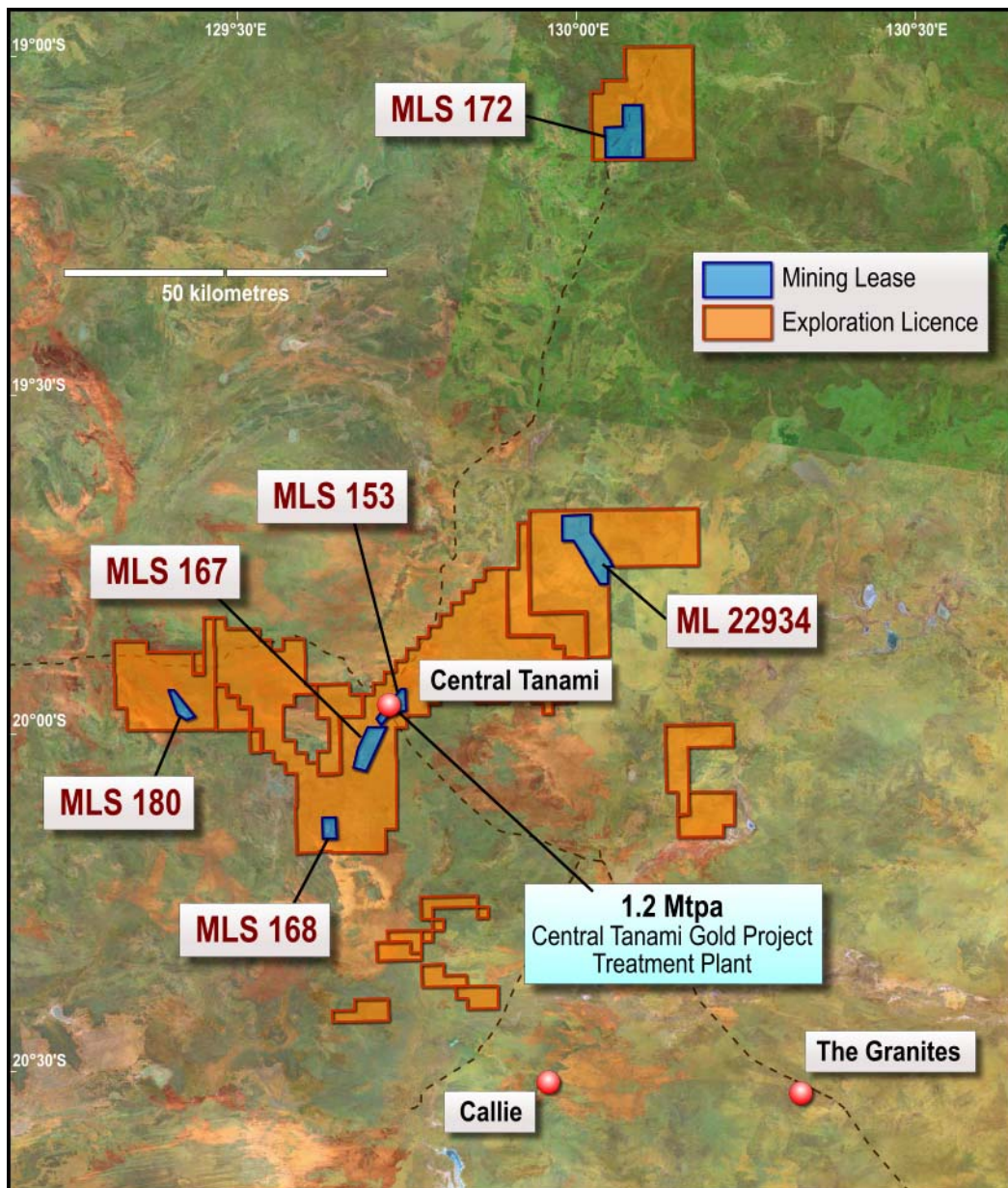


Figure 3: Central Tanami Gold Project tenement plan

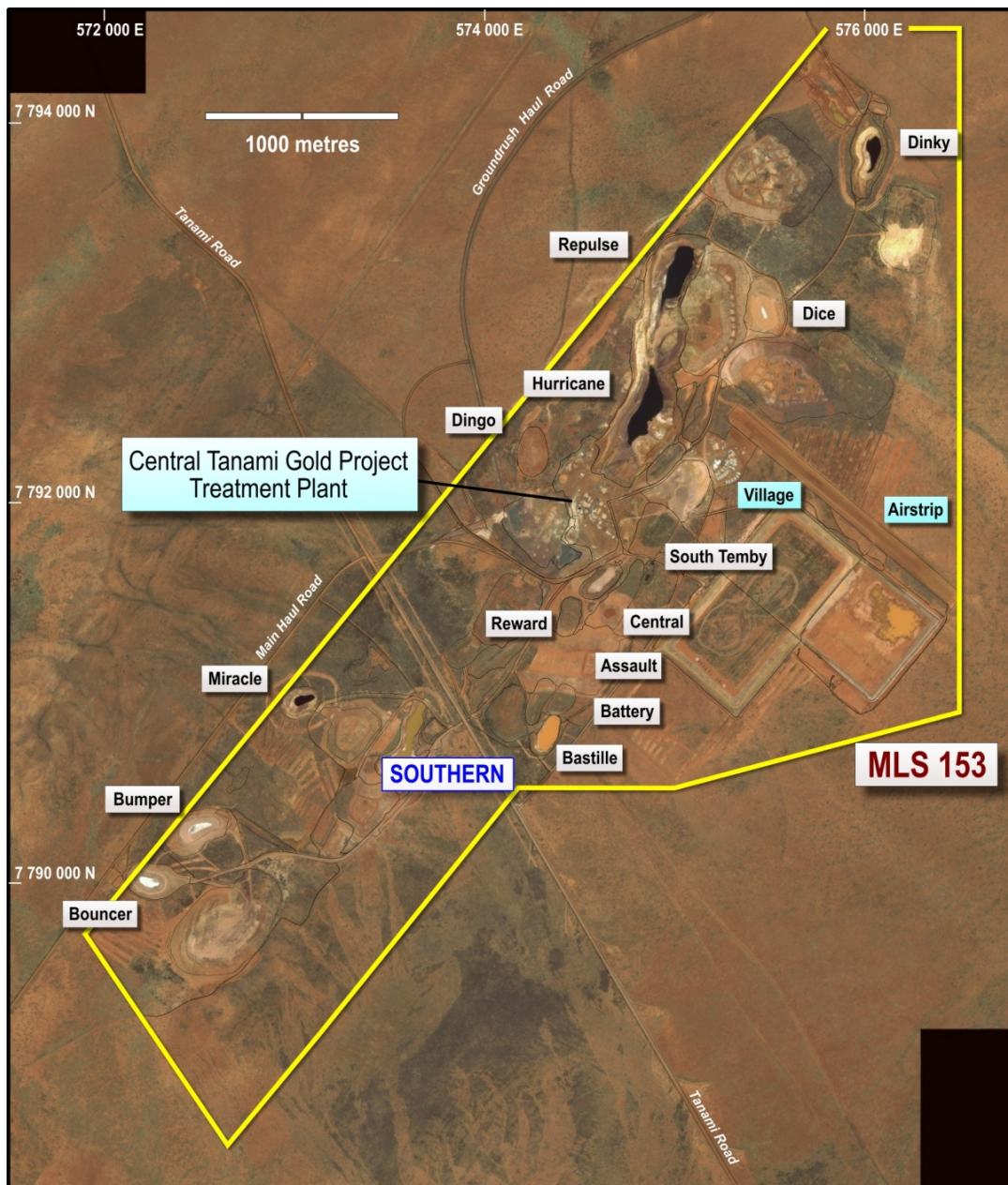


Figure 4: MLS153 aerial photograph showing existing pits

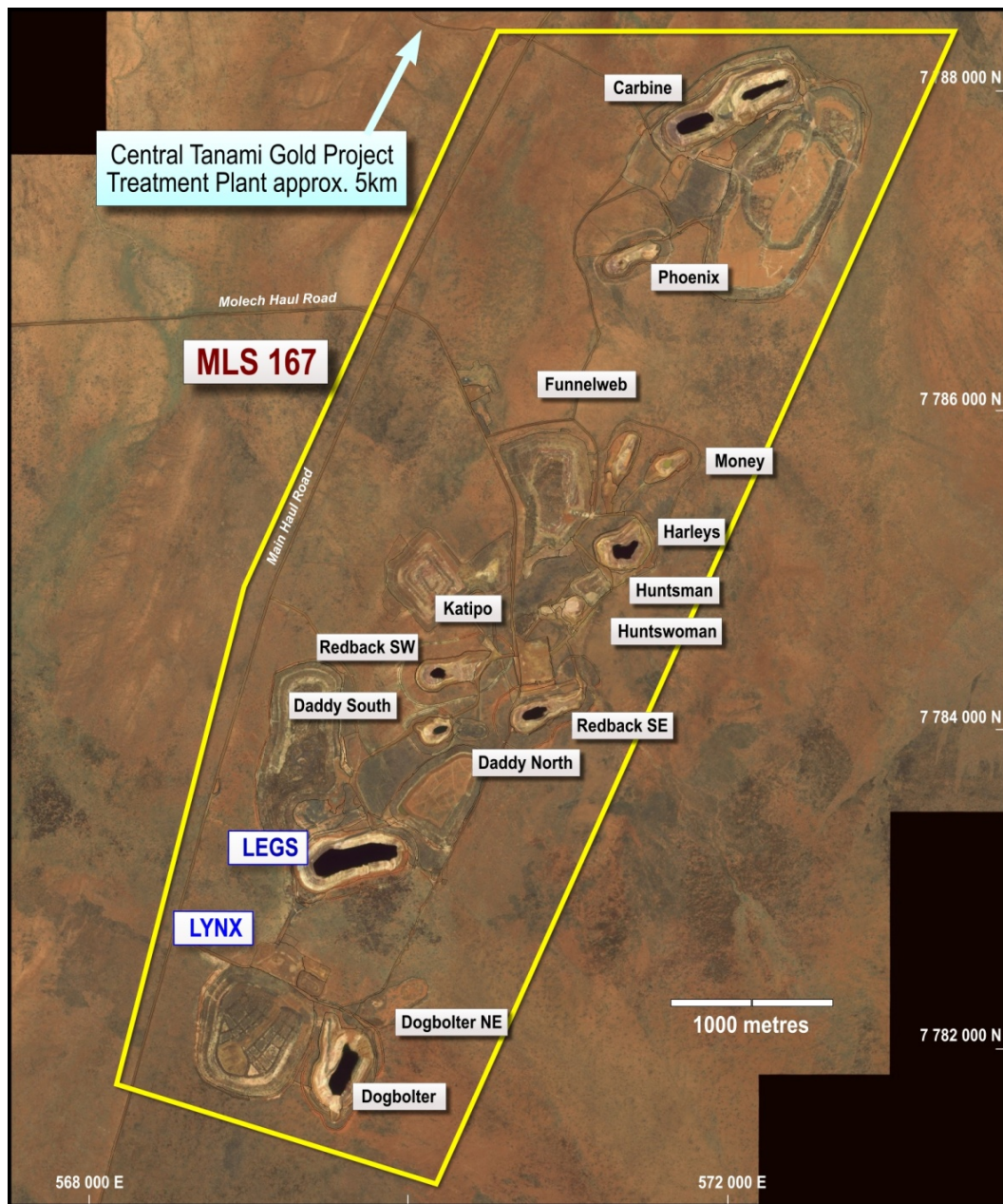


Figure 5: MLS167 aerial photograph showing existing pits

Table 1: Significant Intersections from recent and prior Central Tanami drilling

Hole Number	Collar Easting	Collar Northing	Collar RL	Collar Dip	Collar Azimuth	Hole Depth (m)	Significant Intersections			Deposit
							Interval	Length (m)	Grade (g/t)	
SODD1	573904.2	7791013.6	426.5	-60	310	181	144m to 151m	7.0	5.0	Southern
SODD2	573834.3	7791034.9	425.0	-60	310	90	47m to 51m	4.0	7.8	Southern
SODD4	573850.3	7790905.9	425.5	-60	310	216.7	23m to 34m	11.0	9.1	Southern
SODD8	573551.1	7790759.5	426.6	-60	310	79	72m to 74m	2.0	5.9	Southern
SODD10	573744.3	7790705.9	425.8	-60	310	210	66m to 69m	3	9.7	Southern
							85m to 97m	12	4.6	
SODD15	573764.9	7790713.9	425.6	-60	310	154	107m to 111m	4.0	4.2	Southern
SORC1	573558.1	7790730.7	427.2	-90	0	200	107m to 109m	2.0	5.7	Southern
SORC3	573850.3	7791081.5	427.2	-60	310	154	92m to 96m	4.0	6.4	Southern
							132m to 133m	1.0	17.6	Southern
SORC5	573877.3	7790984.1	424.5	-60	310	190	111m to 130m	19.0	7.8	Southern
SORC7	573812.4	7790959.6	425.0	-60	310	178	175m to 178m	3.0	15.1	Southern
SORC8	573796.2	7790952.2	425.5	-60	310	178	41m to 45m	4.0	11.1	Southern
							109m to 112m	3.0	63.7	Southern
SORC10	573782.0	7790853.2	424.7	-60	310	178	10m to 17m	7	10.1	Southern
							66m to 75m	9	14.8	
STH87*	573772	7790838	426	-60	310	60	8m to 20m	12	16.1	Southern
STR51*	573655	7790707	409	-50	310	131	107m to 124m	17	11.0	Southern
STH67*	573653	7790705	410	-60	310	144	52m to 62m	10	13.1	Southern
STR67*	573688	7790791	426	-57	310	68	64m to 77m	13	4.2	Southern
STH259*	573758	7790941	426	-60	310	60	50m to 54m	4	11.8	Southern
TRC49*	573816	7791017	424	-60	310	72	50m to 59m	9	3.9	Southern
TRC1654*	573719	7790825	401	-80	310	66	45m to 54m	9	3.6	Southern
LEDD2	569598.4	7783136.5	404.9	-60	334	235	256.9m to 264.5m	7.6m	6.4	Legs
LXDD1	569519	7782887	403	-60	335	162.9	143.5m to 145.6m	2.1	15.5	Lynx
LXRC8	569681	7782968	402	-60	335	96	62m to 75m	13	3.6	Lynx
LXRC9	569586	7782929	403	-60	335	124	83m to 89m	6	4.6	Lynx
LXRC16	569563	7782982	403	-60	335	75	39m to 48m	9	6.3	Lynx
LXRC17	569645	7782951	402	-60	335	118	78m to 82m	4	19.0	Lynx
LXRC43	569748.2	7782925.3	402.4	-60	335	160	108m to 111m	3.0	10.8	Lynx
LXRC46	569723.7	7782925.8	402.4	-60	335	154	102m to 107m	5.0	5.3	Lynx
LXRC57	569611.3	7782873.9	402.6	-60	335	180	126m to 133m	7.0	3.6	Lynx
LXRC60	569526	7782977	403	-60	335	84	35m to 37m	2	20.8	Lynx
LXRC61	569550	7782864	403	-60	335	208	168m to 173m	5	5.8	Lynx
RRC945*	569637	7783012	402	-60	334	48	20m to 23m	3	8.8	Lynx
RRC1246*	569626	7782943	402	-60	328	78	71m to 77m	6	4.4	Lynx
RRC1248*	569546	7782928	402	-60	334	112	103m to 106m	3	8.4	Lynx
RRC1255*	569644	7782906	402	-60	333	120	104m to 107m	3	11.5	Lynx
LXR10*	569663	7783009	402	-60	334	48	42m to 45m	3	16.0	Lynx
RDH148*	569508	7782917	402	-60	334	112	105m to 107m	2	14.4	Lynx
RRC778*	569556	7782998	402	-60	334	60	21m to 28m	7	4.1	Lynx
CAD1*	571842	7787803	419	-60	330	291.4	236m to 252m	16	18.5	Carbine
CAD9*	571747	7787815	421	-60	326	416.8	190m to 203m	13	7.2	Carbine
							219m to 240m	21	5.4	
CAD15*	571649	7787743	422	-67	322	500.7	451m to 470m	19	8.5	Carbine
CAD44*	571744	7787730	421	-67	330	484.6	408m to 419m	11	9.4	Carbine

Notes to accompany Table 1

1. Collar Northing, Easting and Azimuth are all in MGA Grid coordinates.
2. Analyses by 50g fire assay with AAS finish of rotary cone split RC or half diamond core samples.
3. No cutting of grades has been applied. Assays are rounded to nearest 0.1g/t.
4. Significant intersections are greater than 1g/t with maximum 2 metres internal dilution and greater than 10 gram metres (grade x down hole intersection length).
5. Intervals are all down hole length. Lynx intersections approximate true width.
6. * Historical drilling significant intersections.

The information in this report that relates to Geological Data and Exploration Results is based on information compiled by Mr Robert Henderson, a full time employee and Geology Manager of Tanami Gold NL. Mr Henderson is a member of the Australasian Institute of Mining and Metallurgy and 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 Henderson consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.

Table 2: Central Tanami Project Mineral Resources as at 30 April 2010

Mineral Lease	Resource Category											
	Measured			Indicated			Inferred			Total		
	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces
MLS153	578,000	2.3	43,000	744,000	2.2	53,000	441,000	3.9	56,000	1,763,000	2.7	151,000
MLS167	2,369,000	3.2	248,000	2,004,000	4.0	256,000	640,000	3.7	75,000	5,013,000	3.6	579,000
MLS168	707,000	2.3	52,000	63,000	2.1	4,000	509,000	1.9	30,000	1,279,000	2.1	87,000
MLS180	438,000	3.6	51,000	544,000	3.0	53,000	59,000	3.0	6,000	1,041,000	3.3	109,000
MLSA172	1,026,000	2.7	89,000	112,000	1.9	7,000	44,000	5.0	7,000	1,181,000	2.7	103,000
Stockpiles	1,400,000	0.7	31,000							1,400,000	0.7	31,000
Total	6,518,000	2.5	514,000	3,467,000	3.3	373,000	1,692,000	3.2	174,000	11,677,000	2.8	1,061,000

Notes to accompany Table 2

1. Resource estimation completed using MineMap software comprising an ellipsoidal inverse distance grade interpolation method.
2. Grade estimation was constrained to material within >0.5g/t mineralisation outlines.
3. Gold assay top cut of 30g/t used for MLS167 and 20g/t used for the remainder, based on geostatistical parameters and historical production reconciliation.
4. Resources reported above 0.7g/t block model grade constrained within pit shells optimised at A\$1350 per ounce gold price.
5. Resources reported above 2.5g/t block grade for mineralisation at the Carbine deposit, within MLS167, occurring below the southern plunge extent of the optimal pit shells.
6. Stockpile figures from previously reported Otter Gold Mines NL 2001 Mineral Resource estimate less recorded treatment by Newmont Asia Pacific.
7. Tonnes and ounces rounded to the nearest thousand and grade rounded to 0.1g/t. Rounding may affect tallies.
8. The information in this report pertaining to Mineral Resources for the Central Tanami Project was compiled by Mr Bill Makar (MAusIMM), former Chief Mine Geologist for Otter Gold Mines Limited Tanami Mine Joint Venture. Mr Makar 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 Makar has provided written consent to Tanami Gold NL for the inclusion in the report of the matters based on his information in the form and context in which they appear.