



28 January 2010

Company Announcement Office
ASX Limited

TANAMI GOLD NL TO ACQUIRE GROUNDROUSH GOLD PROJECT FROM NEWMONT

***A\$22.00M ACQUISITION UNDERPINS STRATEGY TO LIFT GOLD PRODUCTION TO +200,000oz
PER ANNUM WITHIN TWO YEARS***

KEY POINTS:

- **Tanami Gold agrees to acquire the Groundrush Gold Project in the Northern Territory from Newmont Asia Pacific for A\$22M.**
- **The Groundrush Gold Project forms part of the Tanami and Barrow Creek Divestment Packages, which are being jointly acquired by Tanami Gold and its strategic exploration partner ABM Resources for a total of A\$32.775M.**
- **The Groundrush Gold Project includes:**
 - ***Over 500,000oz of JORC Code compliant Resources***
 - ***The 1.2Mtpa Groundrush treatment plant and extensive support infrastructure***
 - ***A world-class 2,000km² exploration package***
 - ***2.1Moz historic production endowment within the Groundrush Gold Project Mining Lease area***
- **The Groundrush Gold Project provides a significant diversification and growth opportunity alongside Tanami Gold's 50,000oz per annum Coyote Gold Mine.**
- **Following the acquisition, Tanami Gold is aiming to increase production from its combined tenement holdings to over 200,000oz per annum within two years.**

Gold producer Tanami Gold NL (ASX: **TAM** – “TGNL”) is pleased to announce that it has agreed to acquire a 100% interest in the **Groundrush Gold Project** in the Tanami-Arunta Province of the Northern Territory from Newmont Asia Pacific [“Newmont”] for A\$22 million.

The acquisition is part of a broader transaction with its exploration alliance partner ABM Resources NL [“ABM”] encompassing an extensive exploration portfolio being divested by Newmont in the region.

Under the agreement, TGNL and ABM are acquiring the Tanami and Barrow Creek Non-Core Divestment Packages [“Transaction”] in the Tanami-Arunta Province of the Northern Territory for a total consideration of **A\$32.775 million** [see Figure 1].

TGNL's share of the Transaction is A\$22 million for 100% of the Groundrush Gold Project, for which it has secured financial backing from its largest shareholder, Allied Properties Resources Limited to complete the Transaction.

The commercial terms of the Transaction have been agreed by all parties with a settlement date scheduled for 30 March 2010 or earlier, subject to completion of relevant consents and Newmont board approval.

The agreement represents a substantial diversification and growth opportunity for TGNL within its core area of geographical focus – complementing its existing production base at the Coyote Gold Mine.

The Groundrush Gold Project includes a JORC Code compliant Resource of 516,000 ounces, a 1.25 million tonne per annum (Mtpa) treatment plant, all associated support infrastructure including office, workshops, airstrip, 140-person accommodation village, borefield and communication facilities, as well as an extensive package of Mineral Leases [21 Leases with a total area of 125km²] and Exploration Licences [16 Licences with a total area of 1,945km²], as shown in Figure 1.

The treatment plant is currently non-operational and will require partial refurbishment to return to full operational mode [see Figure 2].

The Mineral Leases contain 43 open pits ranging in depth from 40 metres to 120 metres and includes the large Groundrush open pit, which was mined from 2001 to 2005 producing in excess of 600,000 ounces of gold at an average grade of 4.3 grams per tonne, and the Hurricane-Repulse open pit which produced in excess of 250,000 ounces.

In all, between 1987 and 2005, approximately 2.1 million ounces have been mined from the Groundrush Gold Project area. When combined with the +10 million ounces endowment of the Callie-Granites production centre located approximately 130 kilometres east of the Groundrush treatment plant – which occur within a geologically similar host sequence – makes it one of the most productive gold mining centres in Australia.

The Resource

The most recent detailed Resource estimate for the Groundrush Gold Project tenements was conducted in October 2001 by Otter Gold Mines Limited [“Otter Gold”] using a gold price of A\$525 and A\$750 per ounce.

Since then, Newmont has not undertaken any additional drilling or re-modelling. As such, there is excellent potential to significantly increase both the surface and underground resources within both the Mineral Leases and surrounding Exploration Licences. The Groundrush Gold Project Resource is a JORC Code compliant estimate totalling 5.86Mt @ 2.7g/t for 516,000 ounces. A summary of the 2001 Resource is shown in Table 1.

No resources have been assigned to either the Groundrush (past production >600,000 ounces) or Hurricane-Repulse open pits (past production >250,000 ounces). As can be seen in Figures 3 and 4, significant mineralisation exists beneath the Hurricane-Repulse Pit that will be re-modelled and included in an updated Resource estimation.

These two areas have been identified along with several other high priority target areas earmarked for immediate drilling. Other significant extensions to mineralisation beneath the open pits are shown in Figures 5 and 6.

TGNL is of the view that the current Resource estimate is extremely conservative given the A\$525 and A\$750 per ounce gold prices used by Otter Gold and the lack of deeper drilling below the majority of the pits.

Exploration Potential

The Groundrush Gold Project tenements also offer excellent potential for the definition of additional gold mineralisation, both as extensions to existing deposits and as new discoveries. Previous mining of the open pits focused predominantly on oxide ore with only minor primary mineralisation mined. This oxide focus has resulted in limited systematic deep drilling around or beneath many of the pits.

The opportunity for down-dip and down-plunge extensions to mineralisation in the primary zone is significant and definition of these extensions together with metallurgical sampling and geotechnical evaluations will be the principal focus of the Company's efforts upon taking control of the Project.

Large areas of the Mineral Leases have reconnaissance drilling routinely completed with 36m angled holes [30 m vertical]. In many cases this drilling would not have reached fresh bedrock and therefore is not an effective test due to the extremely variable weathering profile as evidenced in the open pits. A substantial number of anomalous intersections from this drilling have not been followed up by deeper drilling, offering significant potential for new discoveries.

The vast, sparsely explored areas of the associated Exploration Licences, with their prospective rock packages and favourable structural features, affords a further opportunity for the Company to discover new gold deposits. The Company will thoroughly review all past work within these areas and prioritise target generation and testing.

TGNL's Strategic Exploration Partner

TGNL's Strategic Exploration Partner, ABM, of which TGNL owns approximately 22%, will purchase approximately 4,700km² of highly prospective Exploration Licences and Exploration Licence Applications in the Tanami-Arunta, Barrow Creek and Lander River regions. The purchase price for ABM's share of the Transaction is A\$10.775 million.

Conclusion and Management Comment

With the addition of the Groundrush Gold Project assets and tenement package, the Company is aiming to lift production from its combined Tanami operations to in excess of 200,000 ounces per annum within a two year period.

A Scoping Study to estimate the timing and cost of re-starting the Groundrush treatment plant has been completed and a dedicated team to re-optimize the entire 43 open pits and other unmined deposits has been established. This team will work in conjunction with a target identification and evaluation team.

The Company's objective is to promptly resume open pit mining with a later progression to underground mine development. It also has high expectations for future discoveries within the extremely prospective Exploration Licences included in the Transaction.

The Company remains committed to a close working relationship with the communities of the Central Desert and Traditional Owners via the Central Land Council to ensure that the benefits of mineral exploration discovery are enjoyed by all stakeholders and shareholders.

Commenting on the transaction, Tanami Gold's Managing Director, Graeme Sloan said:

"This is a defining moment for Tanami Gold especially on the back of our recently announced exploration alliance with ABM Resources. I am confident that this transaction will provide the Company with the assets and tenement package to lift production from our combined Tanami operations to more than 200,000 ounces per annum within a two year period."



**GRAEME SLOAN
MANAGING DIRECTOR/CEO**

Table 1 - Tanami Mine Joint Venture Mineral Resources as at October 2001

Deposit	Measured		Indicated		Inferred		Total		Ounces
	Tonnes	Grade (g/t)	Tonnes	Grade (g/t)	Tonnes	Grade (g/t)	Tonnes	Grade (g/t)	
Dogbolter Area	366,000	3.8	151,000	3.5	6,000	2.4	523,000	3.7	62,000
Redback Area	615,000	3.4	578,000	5.4	110,000	5.8	1,303,000	4.5	188,000
Jims Area	242,000	2.6	17,000	2.6	23,000	2.2	282,000	2.5	23,000
MLS119-133	198,000	2.2	212,000	2.4	13,000	2.4	423,000	2.3	31,000
MLS153	75,000	2.2	151,000	2.7	35,000	2.9	261,000	2.6	22,000
Molech	312,000	3.8	190,000	3.6	32,000	3.1	534,000	3.7	63,000
Crusade			1,020,000	2.7			1,020,000	2.7	89,000
LG Stockpiles	1,515,000	0.8					1,515,000	0.8	38,000
Total	3,323,000	2.2	2,319,000	3.5	219,000	4.3	5,861,000	2.7	516,000

The information in this report pertaining to Mineral Resources 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.

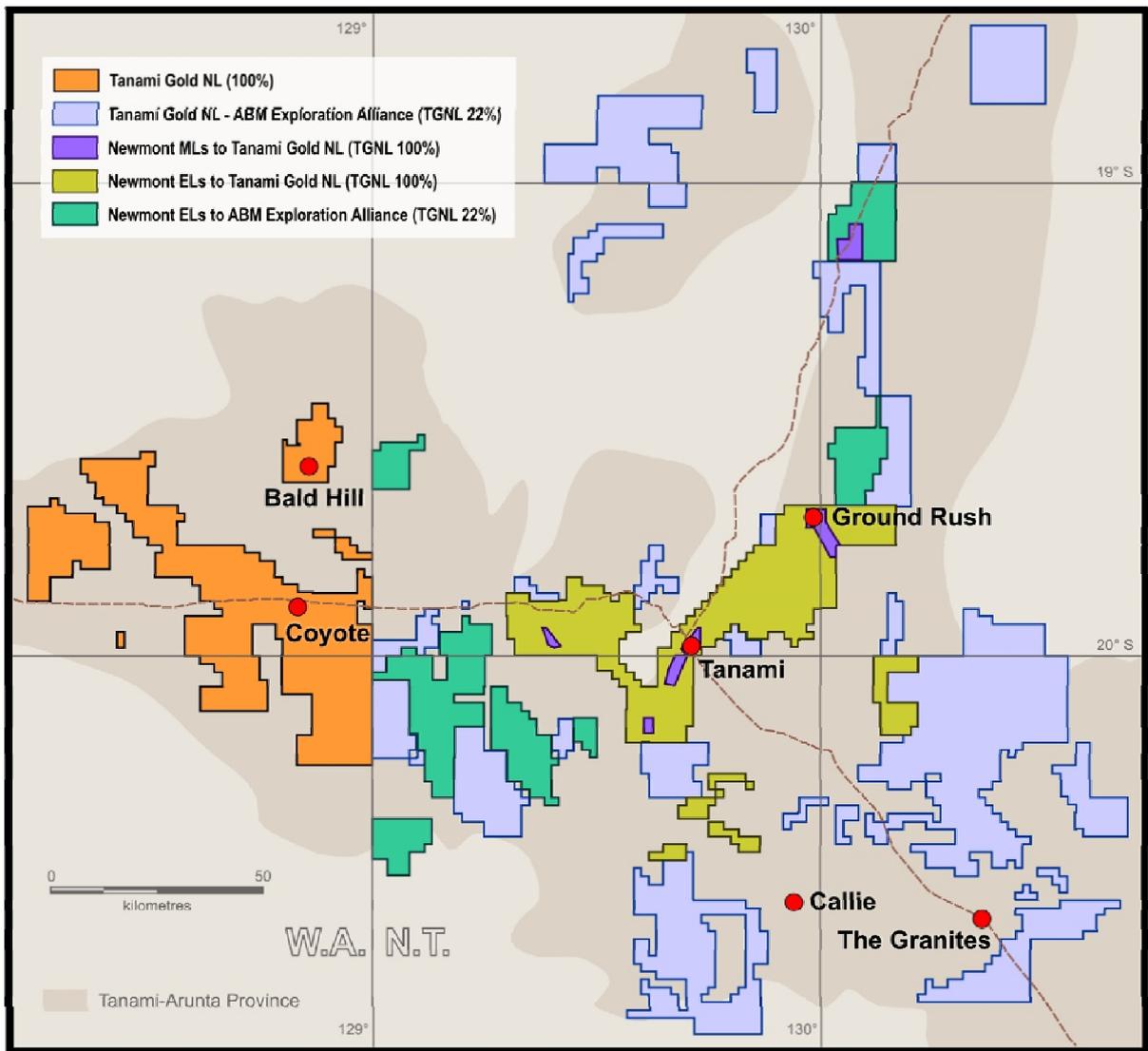


Figure 1 – Tenement Position Post Transaction



Figure 2 – Aerial of Groundrush Treatment Plant

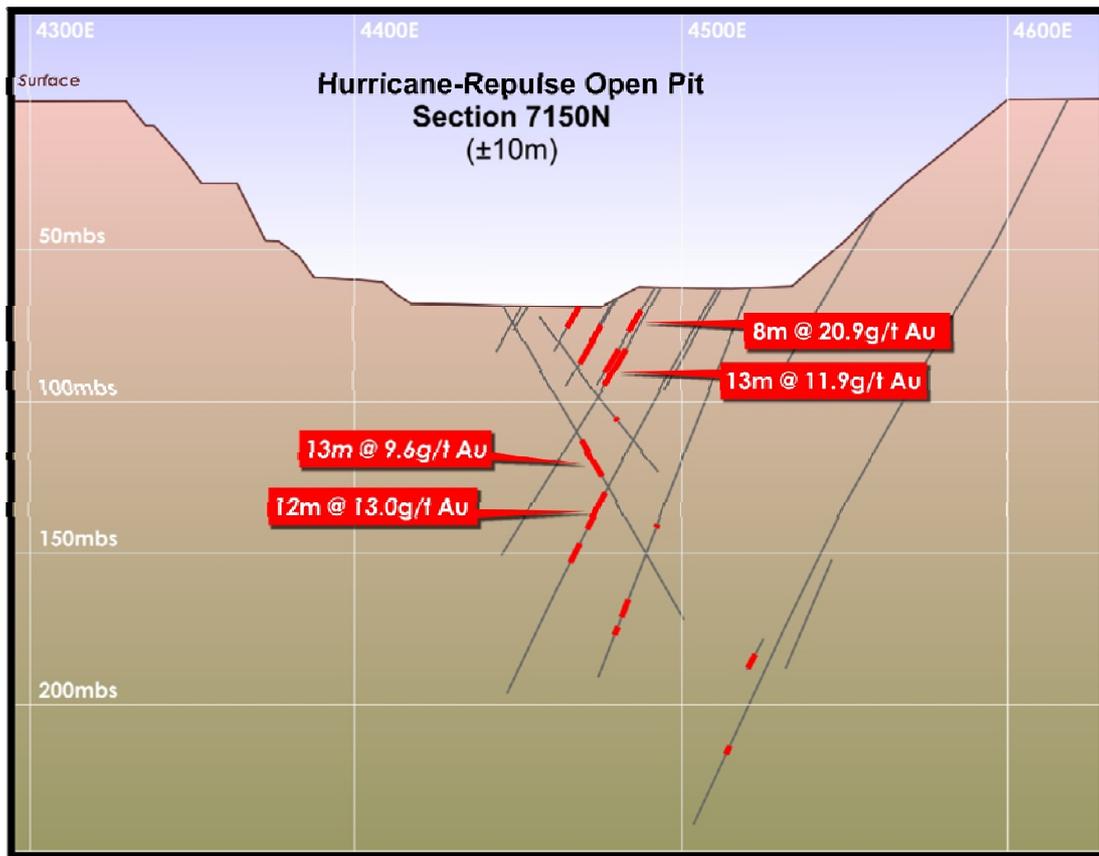


Figure 3 – Hurricane-Repulse Open Pit Cross Section 7150N

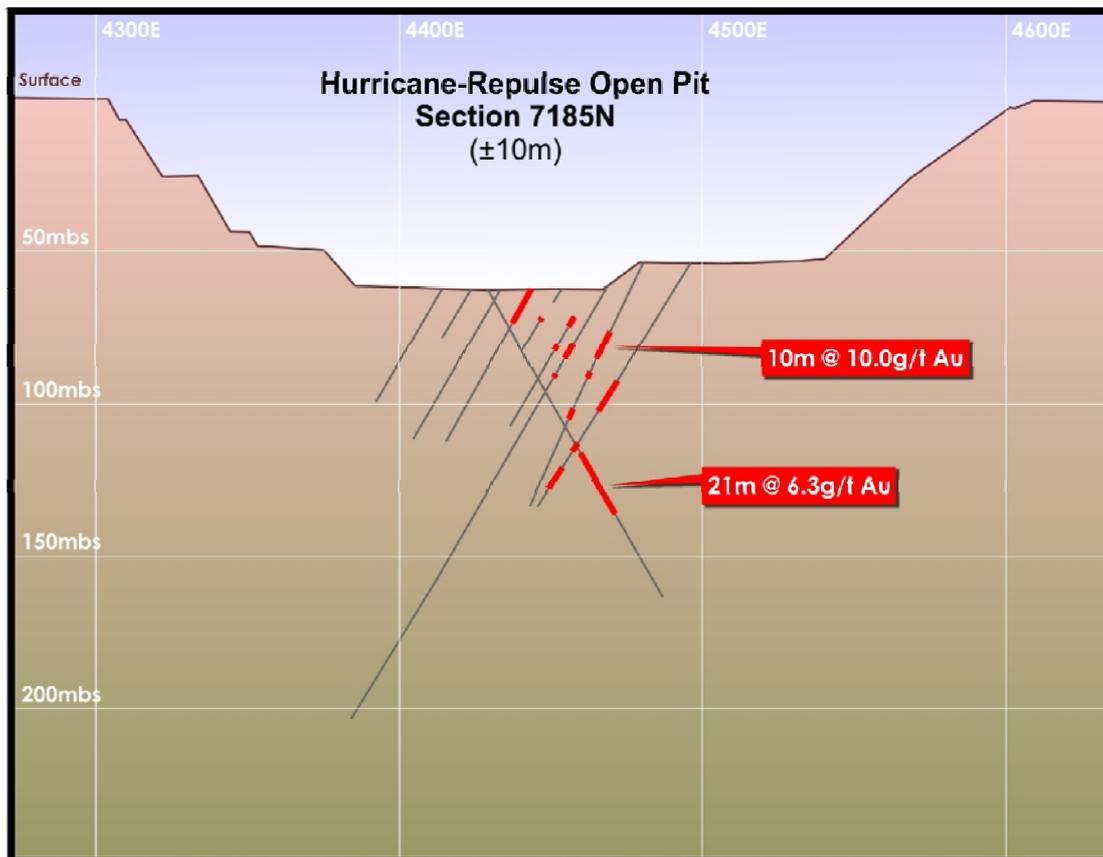


Figure 4 – Hurricane-Repulse Open Pit Cross Section 7185N

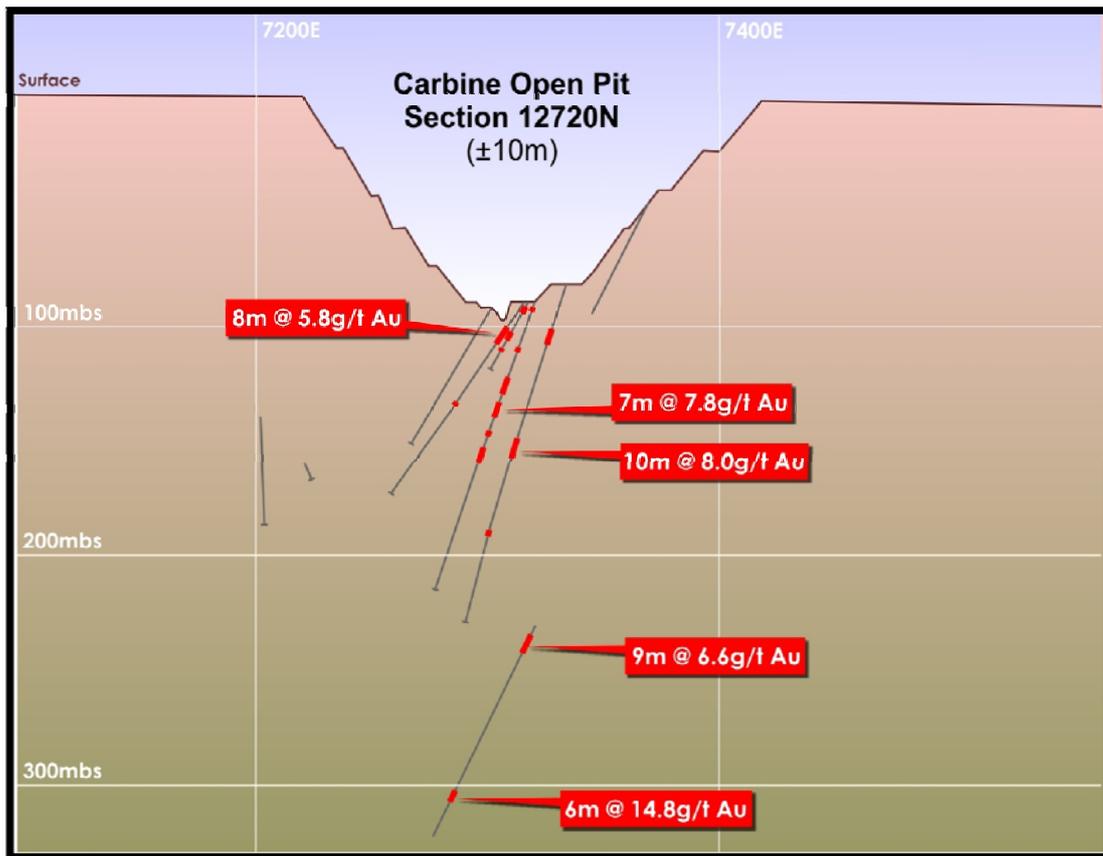


Figure 5 – Carbine Open Pit Cross Section 12720N

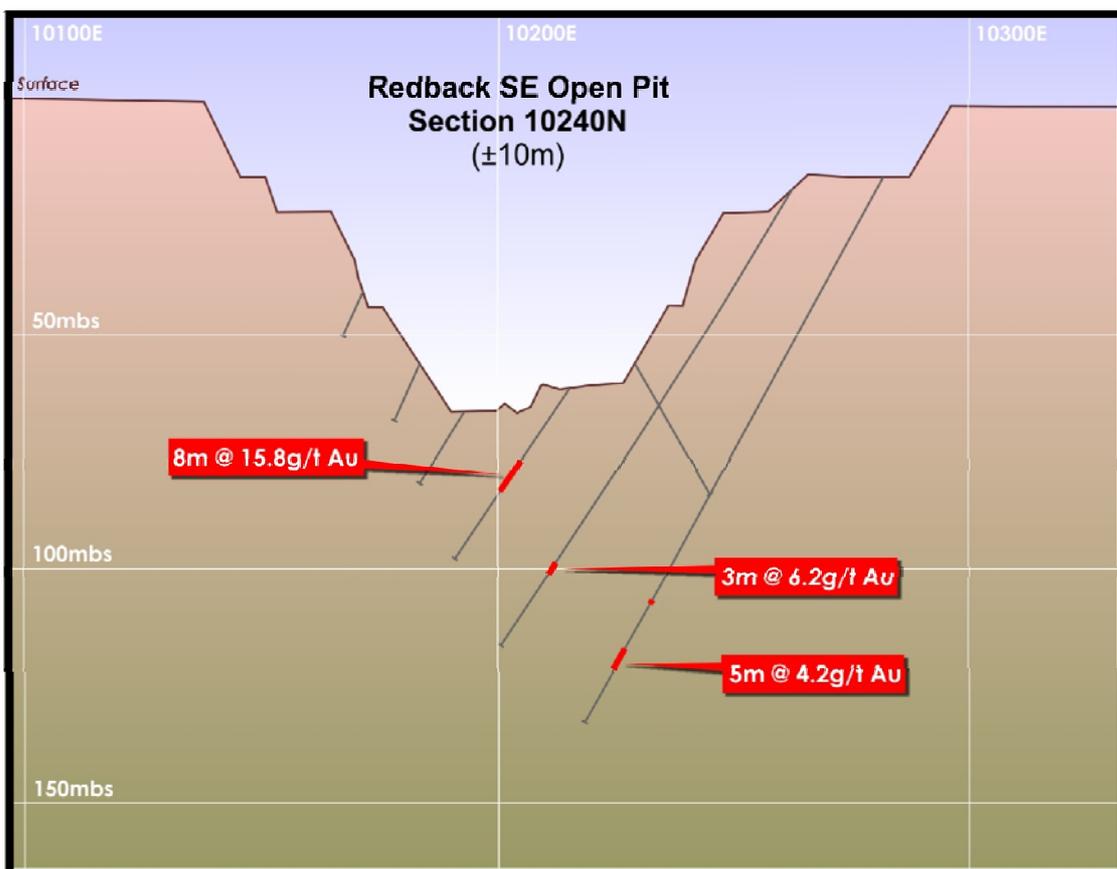


Figure 6 – Redback SE Open Pit Cross Section 10240N