



15 July 2010

## TANAMI GOLD NL TO RAISE \$63.7M THROUGH ENTITLEMENTS ISSUE

*Key Funding Initiatives to Support Objective of Increasing  
Gold Production to 200,000oz pa within two years*

### *Key Points*

- **Pro-rata renounceable 6-for-5 entitlements issue (“Issue”) at 1.5 cents to raise \$63.7M**
- **Issue to be fully underwritten by Tanami’s major shareholder, Allied Properties Resources Limited (“APRL”)**
- **Proceeds to be used to retire debt and accelerate exploration at the 1.06Moz Central Tanami Gold Project**
- **An in-principle funding arrangement with APRL to underpin development of Central Tanami as a second production centre**
- **Tanami to undertake 1-for-30 capital consolidation post-completion of entitlements issue**

Australian gold producer Tanami Gold NL (ASX: TAM – “Tanami” or “the Company”) is pleased to announce that it will raise approximately \$63.7 million by undertaking a fully underwritten pro-rata renounceable entitlements issue to existing shareholders.

The proceeds will be used to strengthen its balance sheet by retiring debt and provide additional working capital to accelerate exploration at its Central Tanami Project, which is the key focus of its production growth strategy to lift gold output to 200,000 ounces per annum within two years.

The entitlements issue is fully underwritten by Tanami’s major shareholder, Allied Properties Resources Limited (“APRL”).

The Board is recommending that all Shareholders take up their entitlements and confirms it is the intention of all Directors to take up their entitlements.

The Company has also negotiated an in-principle funding arrangement with AP Finance Limited (“APF”), a fellow subsidiary of APRL, to provide a loan facility to fund the remainder of the development capital required to bring the Central Tanami Gold Project on stream as its second production centre, should this be deemed by the Board as the most appropriate funding mechanism.

Following completion of the entitlements issue, Tanami Gold also announces its intention to undertake a 1-for-30 capital consolidation, which would leave the Company with approximately 260 million shares on issue.

This will return the Company's issued capital to a level which is intended to make it more attractive to major international institutional and other investors and position it for long-term growth.

### **Use of Funds and Rationale**

The funds raised from the entitlements issue will be used:

- to repay the majority of the Company's outstanding loan facilities with APF and Eurogold Limited (*see ASX announcements dated 30 March 2010 and 25 March 2010*);
- to accelerate exploration at the Central Tanami Gold Project; and
- to provide ongoing working capital for the Company's exploration and development activities.

The decision to undertake a renounceable entitlements issue was made after considering a number of alternatives, strategic corporate advice and feedback from the Company's recent international roadshow. These factors included:

- the recent decline in global capital markets and the impact at the time of the Federal Government's proposed Resources Super Profits Tax (RSPT) – although the gold sector has since been excluded from the revised proposal;
- the importance of strengthening the Company's balance sheet by retiring its \$53.3 million debt to facilitate its ongoing development and growth. The debt was principally used to fund the acquisition of the Central Tanami Gold Project earlier this year as well as the Company's participation in a capital raising by its strategic exploration alliance partner, ABM Resources NL ("ABM"); and
- other considerations including timing, minimised shareholder dilution and certainty of funds.

The entitlements issue will be renounceable, thus providing existing shareholders with the opportunity to trade their entitlements should they not wish to take up all or part of their entitlement.

### **Consolidation**

The proposed consolidation of the Company's capital structure is seen by the Board as a key consideration in its future development and growth.

Following the completion of the entitlement issue, the Company proposes to undertake a one-for-thirty consolidation of its issued capital, which will result in the Company having approximately 260 million shares on issue.

Further details regarding this consolidation will be sent to Shareholders in a notice of meeting to be dispatched shortly.

### **Additional Development Funding**

The Company has also negotiated an in-principle funding arrangement with APF, a fellow subsidiary of APRL the Company's major shareholder, to provide a loan facility to fund up to \$40 million of the remaining Central Tanami Gold Project development capital requirements, should this be deemed by the Board to be the most appropriate funding mechanism.

The terms of this facility will be agreed and finalised if and when the facility is required.

Current pre-feasibility development and pre-production costs for the Central Tanami Gold Project have been estimated to be approximately \$40 million; however this will be refined following completion of a Final Feasibility Study which is expected to be finalised over the next few months.

The combination of this entitlement issue coupled with the APF facility (if required), places the Company in a strong financial position to complete the refurbishment and commissioning of the Central Tanami Gold Project.

### **Background – Recent Company Milestones**

Over the past 12 months, Tanami has achieved a number of significant key performance targets culminating in its best ever annual gold production since mining began at its Western Tanami Operations. Regional and near-mine exploration re-commenced at the Western Tanami Operations resulting in a number of new discoveries and ore extensions at both the Coyote underground and Bald Hill open pit operations.

In December 2009, the Company entered into a strategic exploration alliance with ABM which resulted in Tanami transferring its Northern Territory exploration tenements into ABM for a 21.57% equity position in ABM, 300 million ABM options, a \$1.0 million cash payment, an ABM Board position and an undertaking by ABM to spend \$10 million on the tenements over the next two years.

More recently, Tanami was the successful bidder for the Central Tanami Gold Project which was acquired from Newmont Asia Pacific. This acquisition forms a key component of the Company's growth strategy and planned consolidation of the Tanami-Arunta Province, providing Tanami with an early entry into a second major gold production centre (*see ASX announcement dated 31 March 2010*).

With two operational centres approximately 90 kilometres apart, a combined treatment capacity of around 2.0 million tonnes per annum when both treatment plants are in full production and an extensive tenement package containing numerous advanced exploration targets, the Company is well positioned to achieve its forecast of becoming a 200,000 ounce producer within two years.

The Company's exploration upside is further enhanced through its strategic shareholding in ABM, which provides it with direct and indirect access to over 35,000 square kilometres of the highly prospective Tanami-Arunta Province, which has a total gold endowment of over 15 million ounces and hosts Newmont's world class Callie Gold Mine.

### **Conclusion and Management Comment**

At the completion of the entitlements issue and share consolidation, the Company will have no debt, no hedging, issued capital of approximately 260 million shares and will be well positioned to emerge as Australia's next mid tier gold producer.

*“The completion of the entitlements issue and proposed capital consolidation will mark the beginning of a very significant new chapter in Tanami’s history, putting the Company on track to become a leading mid-tier gold producer and a dominant player in the Australian gold industry,”* said Tanami Gold’s Managing Director, Mr Graeme Sloan.

*“As a result of the funding initiatives being announced today – both of which are underpinned by our major shareholder – the Company will be on track to realise its growth objectives and move to the next level of growth and development.*

*“We are pleased that all of our shareholders will be able to participate in this process through the entitlements issue, and I urge all of our shareholders to support the Issue and join us on what we expect to be a very rewarding journey,”* Mr Sloan added.

A Prospectus setting out the details of the offer and containing the Entitlements and Acceptance form will be lodged with the Australian Securities and Investment Commission (ASIC) and the ASX on or about 15 July 2010, and dispatched to shareholders on or about 27 July 2010.



**Graeme Sloan**  
**Tanami Gold NL**

**CENTRAL TANAMI 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
<b>Total</b>	<b>3,323,000</b>	<b>2.2</b>	<b>2,319,000</b>	<b>3.5</b>	<b>219,000</b>	<b>4.3</b>	<b>5,861,000</b>	<b>2.7</b>	<b>516,000</b>

**CENTRAL TANAMI RESOURCES AS AT MAY 2010**

Deposit	Measured		Indicated		Inferred		Total		Ounces
	Tonnes	Grade (g/t)	Tonnes	Grade (g/t)	Tonnes	Grade (g/t)	Tonnes	Grade (g/t)	
MLS153	578,000	2.3	744,000	2.2	441,000	3.9	1,763,000	2.7	151,000
MLS167	2,369,000	3.2	2,004,000	4.0	640,000	3.7	5,013,000	3.6	579,000
MLS168	707,000	2.3	63,000	2.1	509,000	1.9	1,279,000	2.1	87,000
MLS180	438,000	3.6	544,000	3.0	59,000	3.0	1,041,000	3.3	109,000
MLSA172	1,026,000	2.7	112,000	1.9	44,000	5.0	1,181,000	2.7	103,000
Stockpiles	1,400,000	0.7					1,400,000	0.7	31,000
<b>Total</b>	<b>6,518,000</b>	<b>2.5</b>	<b>3,467,000</b>	<b>3.3</b>	<b>1,692,000</b>	<b>3.2</b>	<b>11,677,000</b>	<b>2.8</b>	<b>1,061,000</b>

**Notes to accompany Central Tanami Resources as at May 2010:**

- Resource estimation completed using MineMap software comprising an ellipsoidal inverse distance grade interpolation method.
- Grade estimation was constrained to material within >0.5g/t mineralisation outlines.
- 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.
- Resources reported above 0.7g/t block model grade constrained within pit shells optimised at A\$1350 per ounce gold price.
- 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.
- Stockpile figures from previously reported Otter Gold Mines NL 2001 Mineral Resource estimate less recorded treatment by Newmont Asia Pacific.
- Tonnes and ounces rounded to the nearest thousand and grade rounded to 0.1g/t. Rounding may affect tallies.

**Competent Person:** 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.