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**EL2/92
Lisle**

Annual Report July 2002 - August 2003.

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SUMMARY

EL2/92 Lisle, currently held by TasGold Limited is due for expiry on the 27th July 2003. This report is the 2002-2003 Annual Report and also forms part of an application for a Term of Extension of the EL to enable work commitments to be fulfilled. A combination of delays in capital raising, rig availability and environmental constraints mean TasGold need a further one year extension to complete exploration.

Recent exploration has identified significant mineralisation on the Potoroo, and Enterprise prospects, all of which have good potential to host economic resources capable of supporting a centralised mill. Both bulk tonnage low grade mineralisation (Potoroo) and low tonnage high grade mineralisation (Enterprise) has been identified to date. All prospects are near surface and probably amenable to open cut mining techniques.

The Enterprise, Gold Crest and Potoroo prospects lie on a common aeromagnetic lineament and have more or less continuous soil As-Au anomalism associated with hydrothermally altered granodiorite. Ten percent of the strike extent has been tested, all of which has proven to be anomalous. Further drilling is required to test the entire system.

Intensive exploration has commenced on the EL including an extensive drilling and trenching program designed to assess the resource potential of the many prospects previously defined. At the time of submitting this report a total of 1078m have been drilled and 225m of trenching completed. The Enterprise, Potoroo and Junction Star Prospects have been drilled and the Potoroo and Junction Star have been trenched. Significant gold mineralisation has been identified in most drill holes with a best result of 4m @ 12.8 g/t Au (E009 6 to 10m) from the Enterprise Prospect.

Next year TasGold plan to complete a significant amount (~2000m) of diamond extend the currently drilled prospects. Further infill drilling of significant intersections will occur as results come to hand.

The Main Enterprise reef has been tested over a 400m strike length. An Inferred Resource is currently being calculated. Under explored parallel structures such as the West Vein, and E014 intersection need to be assessed with further infill drilling.

Mineralisation at Potoroo remains open in all directions. Further drilling is planned to test the near surface potential of this prospect.

Exploration drilling is planned for the As-Au anomaly extending from Enterprise up to Gold Crest. Hole E14 was collared on the western margin of this anomaly.

Environmental and Archaeological constraints have prevented the Panama prospect from being tested. Approval has been granted for a limited trenching program and drilling with a man portable rig. Trenching is underway and the

drilling program is scheduled to commence in September when a suitable rig
is available.

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INTRODUCTION

EL2/92 Lisle, currently held by TasGold Limited is due for expiry on the 27th July 2003. This report is the 2002-2003 Annual Report and also forms part of an application for a Term of Extension of the EL to enable work commitments to be fulfilled. A combination of delays in capital raising, rig availability and environmental constraints mean TasGold need a further extension to complete the required work program.

TasGold (formerly TasEx Resources) were granted a Term of Extension to EL2/92 in July 2002 to allow work to be completed following capital raising through listing on the ASX. The capital was successfully raised through the floating of TasGold in April 2003. The delay in capital raising has resulted in a delay in exploration and expenditure on the EL.

Intensive exploration has commenced on the EL including an extensive drilling and trenching program aimed at defining resource potential of the main prospects. Gerald Spaulding Drilling have been contracted to complete an RC drilling program, which is currently ongoing. The RC rig will drill 70% of the targets delineated on the EL, the remainder require a diamond rig due to shallow angles and/or environmental constraints.

1.1 Location

E.L. 2/92 "Lisle" lies in the north-east of Tasmania, about 30km from Launceston (see Figure 1).

1.2 Tenure

E.L. 2/92 "Lisle" was issued to R.D. & R.J. McNeil on 24 July 1992. On 16/10/92 the title was transferred to MACMIN N.L and in 2001 to Tasmine Pty Ltd that later changed it's name to TasEx Resources Ltd. The title has since transferred to TasGold Ltd, a new company listing on the ASX in April 2003.

E.L. 2/92 was roughly bounded by A.M.G. lines 5443000m N and 5431000m N to the north and south respectively and A.M.G. lines 523000m E and 529000m E to the west and east respectively.

Thirty-six sub-blocks were relinquished in March 1998 and thirty-six sub-blocks were retained. Twenty four additional sub-blocks were relinquished in April 2002, retaining only the northern 1/3 of the license.

There are a number of exclusions, these being M.L.s held by prospectors chasing alluvial gold.

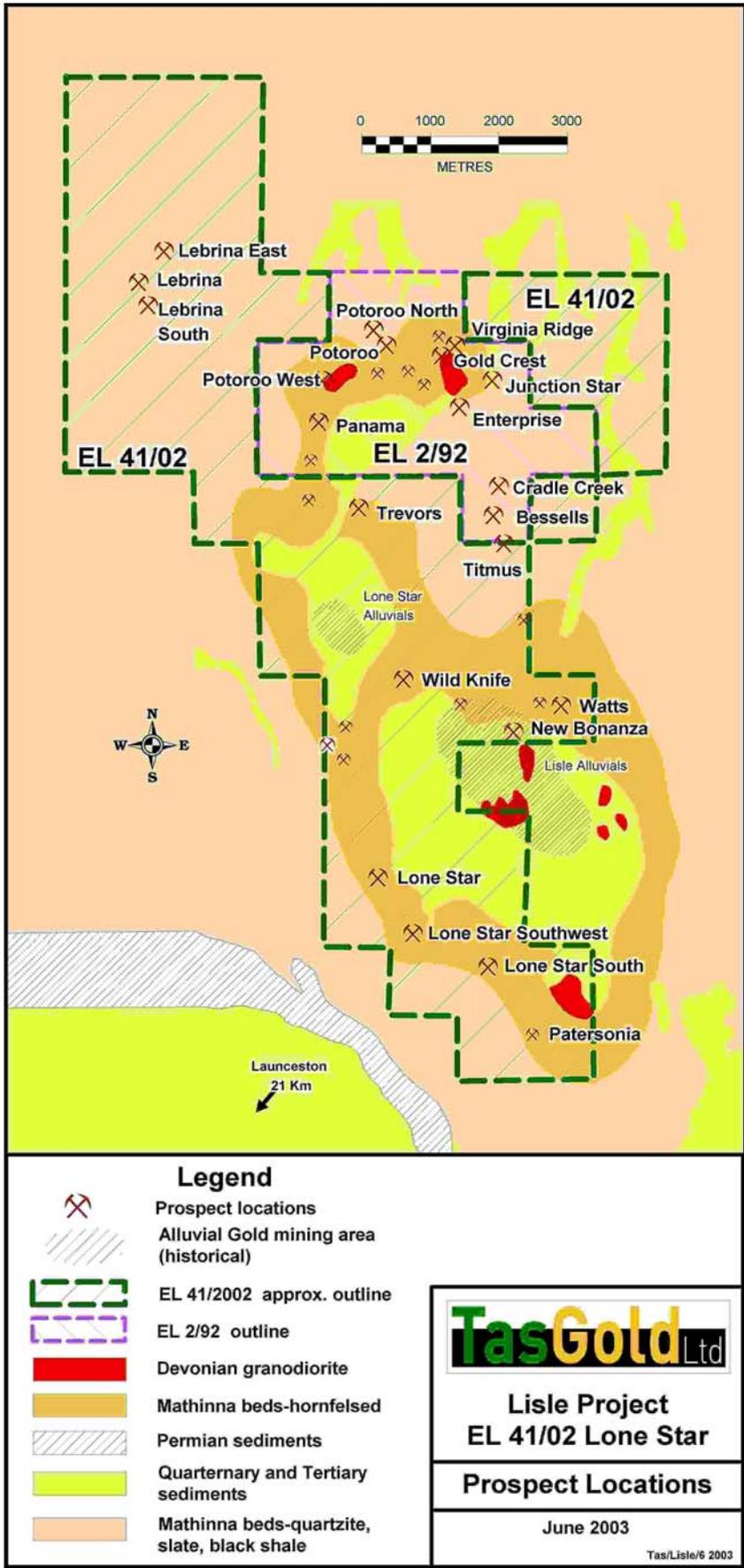


Figure 1. EL 2/92 prospect locations.

1.3 Land Usage and Access

The area is largely state forest with extensive pine plantations and areas of old and regrowth dry and wet sclerophyll forest. Various wildlife habitat strips and ridge top reserves occur throughout the forest. The northern third of the E.L. contains a number of freehold properties, however, in general these lie on relatively unprospective ground.

The E.L. is serviced by a bitumen road to the north and an unsealed road to the south. Within the E.L. numerous forestry roads provide good access to most of the prospective areas.

1.4 Topography

The maximum relief of the area is 400 m. The main Lisle goldfield occupies a basin-like depression with steep ridges ringing it on all sides except to the north where the Lisle Creek passes through a gorge. The Lone Star, Golconda and Panama goldfields occupy similar but smaller depressions.

The steep slopes are generally covered by talus deposits which obscure the bedrock geology.

2 PREVIOUS EXPLORATION

The Denison and Golconda alluvial fields were discovered in 1872 and the reefs of Denison and Golconda were first opened up in 1876 and 1877 respectively (Coroneus, 1993). The Lisle alluvial field was discovered by Charles Bessell and company in 1878 following their discovery of the Tobacco Creek Goldfield in 1877 (Dickens, 1991).

Most Production occurred between 1878 and 1909 but was mainly sporadic through that period (Coroneus, 1993). The area officially produced 2.7t of gold by 1925, mostly from the Lisle Valley alluvials. However records are poor and it is rumoured that a large proportion of production was taken directly to the Victorian Mint. Twelvetrees, (1909) estimated the production to 1909 to be 250, 000 oz. Minor alluvial mining has continued until recent years (Bottrill, 1994).

Hard rock mining in the Golconda and Panama goldfields continued periodically until the 1920's. Production records are poor but head grades are generally reported to be in the 8-15 g/t range with production mainly from small quartz veins hosted in granitoids and Mathinna beds (Bottrill, 1994).

Comalco pegged EL 25/76 covering the Lisle, Golconda and Denison Goldfields. Comalco undertook a brief review of the area including a pancon survey, geological mapping and bedrock sampling in the 1970s. Their target was a 10Mt open pitable, stratabound Au deposit in altered sandstones of the Mathinna Beds (Askins, 1977). The area was considered unprospective for

their target after failing to find appreciable gold from their preliminary work. The EL was relinquished after 2 years.

CRA Exploration (CRAE) carried out stream silt sampling of the EL area as part of later exploration of another license, EL 53/80. This survey showed anomalous arsenic geochemical values in the southern part of the Lisle area (Broadbent, 1982). Some potential for disseminated gold in the metamorphic aureole was considered but no anomalies were followed up.

B. P. Minerals (BP) and Seltrust carried out a program of geological mapping, rock chip and stream silt sampling, aeromagnetic geophysical surveying and open hole percussion drilling between 1983 and 1986. They were targeting a bulk tonnage, low grade gold deposit hosted within the intrusive bodies.

The aeromagnetic survey results delineated the magnetic expression of the Lisle granitoid and also defined a zone of low magnetic intensity concentrically disposed around the granitoids. Small discrete magnetic highs were scattered throughout this zone (Storer, 1985).

29 open hole percussion holes targeted on magnetic and geological targets were completed in 1984. A total of 1.037m averaging 30 – 40 m in depth at seven localities was completed. The holes often collapsed, terminating in clays derived from granitoid although some holes intersected both Mathinna beds and granitoids. Low order geochemical gold analyses were recorded in some places. It was concluded that the weakly altered granodiorites were the probable source of the Lisle alluvials but the grades of the host rock were way to low to be of economic interest (Storer, 1986).

Argyle Minerals carried out an aerial photograph interpretation between 1986 and 1988 (Cromer, 1987). This was followed up by limited rock chip sampling as well a bulk sampling of the alluvial at the Denison River goldfield outside the EL area. Their results indicated limited potential in this area.

Billiton completed a number of programmes between 1990 and 1991. These included:

- A regional BLEG stream sediment geochemical survey sampled 26 sites;
- A comprehensive BLEG stream sediment geochemical survey samples 214 sites. Eleven anomalous sites were re – sampled by duplicate sampling upstream of the original site.
- A composite BLEG soil geochemical sampling program (264 samples) was undertaken over the ridges surrounding the Lisle valley. Three anomalous areas were re – sampled (28 samples) in more detail.

This work outlined two main exploration target areas the principal one to the north of the Lisle basin with a subsidiary area to the south and west (Randell, 1992). The anomalies were not followed up in any detail.

Macmin completed a number of programmes between 1993 and 2001 including:

- Reconnaissance soil geochemical sampling in 1994 across targets delineated from a review of existing data (MacDonald, 1994). This resulted in over 50 anomalous areas delineated by more than 2,500 geochemical samples;
- Grid based B – horizon soil geochemical sampling in 1995 across five grids, follow up power auger sampling, rock chip geochemical sampling from selected adits and shafts (Hall, 1995);
- Reconnaissance drilling of 4 diamond core holes (195.3m) at the old Enterprise and Gold Crest mines in late 1995 (Duncan 1996);
- Reconnaissance drilling of 4 reverse circulation percussion (RC) holes (359m) at the Enterprise Prospect in 1996 (Duncan, 1996); and
- Further soil and auger geochemical sampling, whacker drill and excavator trench sampling in 1997 and 1998 in the Panama Valley, Enterprise Ridge and Tobacco Creek areas as well as excavator trench sampling of other geochemical anomalies (Hall, 1998).

TasEx completed an RC drilling Program on the EL in 2002 (McNeil, 2002) including

- 15 RC holes for 571.5m at Potoroo. Significant gold associated with disseminated sulphide mineralisation and quartz veining hosted in altered granitoids was identified.
- 5 RC holes for 247m and one diamond tail for 122.5m at Enterprise. Many holes intersected old workings or the quartz reef best intersections of 2m @ 2.9 g/t and 0.4m @ 14.4 g/t from hole E005.

3 GEOLOGY

3.1 Regional Geology

The NE Tasmania terrain consists of allocthonous Ordovician to Early Devonian quartz-wacke to pelitic turbidites known as the Mathinna Beds. These were multiply folded in the mid Devonian Tabberraberran Orogeny prior to being intruded by granitic to dioritic rocks of the Scottsdale batholith. The Mathinna Beds are locally hornfelsed forming contact metamorphic aureoles. The NE Tasmanian terrain has many similarities with the Melbourne Zone of Central Victoria (Powell and Baillie, 1992, Foster *et al*, 1998).

The NE Tasmanian terrain was accreted to the Western Tasmanian Terrain during SW-NE compression in the first phase of Deformation during the Tabberraberan Orogeny (Powell and Baillie, 1992, Keele *et al*, 1995). This phase resulted in upright, tight SW verging folds in the east to recumbent and isoclinal SW verging folding in the west. The Terrain boundary is contentious but is thought to lie either in the Tamar Basin (Powell and Baillie, 1992, Keele *et al*, 1995). or further west near the Rubicon River (Reed, 1999). The second phase of deformation was associated with back thrusting, possibly as a result of structural lock up through continued NE-SW compression. This formed over printing up right folding and faulting (Keele *et al*, 1995, Reed, 1999). Mesothermal slate belt style gold mineralisation is associated with this phase of deformation. Devonian granitic to dioritic plutons intruded the eastern and western Tasmanian terrains significantly after the peak period of deformation.

Unconformably overlying these rocks are Permian to Triassic sediments, later intruded by an extensive Jurassic Dolerite Sill. These Permian to Triassic cover rocks have been largely eroded with remnants forming topographic highs such as Mt Arthur.

Tertiary sediments of rift valleys and incised streams have been partially covered by later Tertiary basalts basalt flows. Basalts have filled palaeotopographic lows resulting in topographic inversion with erosion resistant basalts now forming low ridges.

Quaternary colluvial and alluvial sediments obscure much of the outcrop in the vicinity of the EL.

3.2 Ore Deposit Models

The majority of NE Tasmania gold deposits are typical slate belt style, mesothermal gold deposits similar to the Victorian goldfields. The best known and single largest reef (including Victoria) is the Tasmania Reef at Beaconsfield which contains >2.91 Mt @ 19.8 g/t Au. The Tasmania Reef consists of a quartz + carbonate + sulphide filled fracture that is transgressive to the host sediments and is fault controlled. The reef varies in width from less than 1 m to approximately 5 m and has a strike length of 350 to 400 m. The reef remains open at depth.

Unlike most of the NE Tasmanian gold deposits, the Lisle-Golconda reef deposits appear to be related to the reduced granodiorites of the Scottsdale batholith. There is an obvious special relationship between late stage intrusives and gold mineralisation. Gold is hosted in quartz-sulphide veins and disseminations within intrusives and structurally controlled veins within the contact aureole. Sulphides includes arsenopyrite and pyrite with lesser chalcopyrite, bismuthinite, stibnite and molybdenite. Geochemically the mineralisation has a Au, Ag, Bi and Mo association.

Intrusion – related gold deposits (associated with tungsten – tin deposits) are an under recognised and economically important class of gold deposits. These deposits include sheeted veins, quartz stock-works and bulk mine-able disseminated gold deposits spatially and geochemically associated with reduced intrusives.

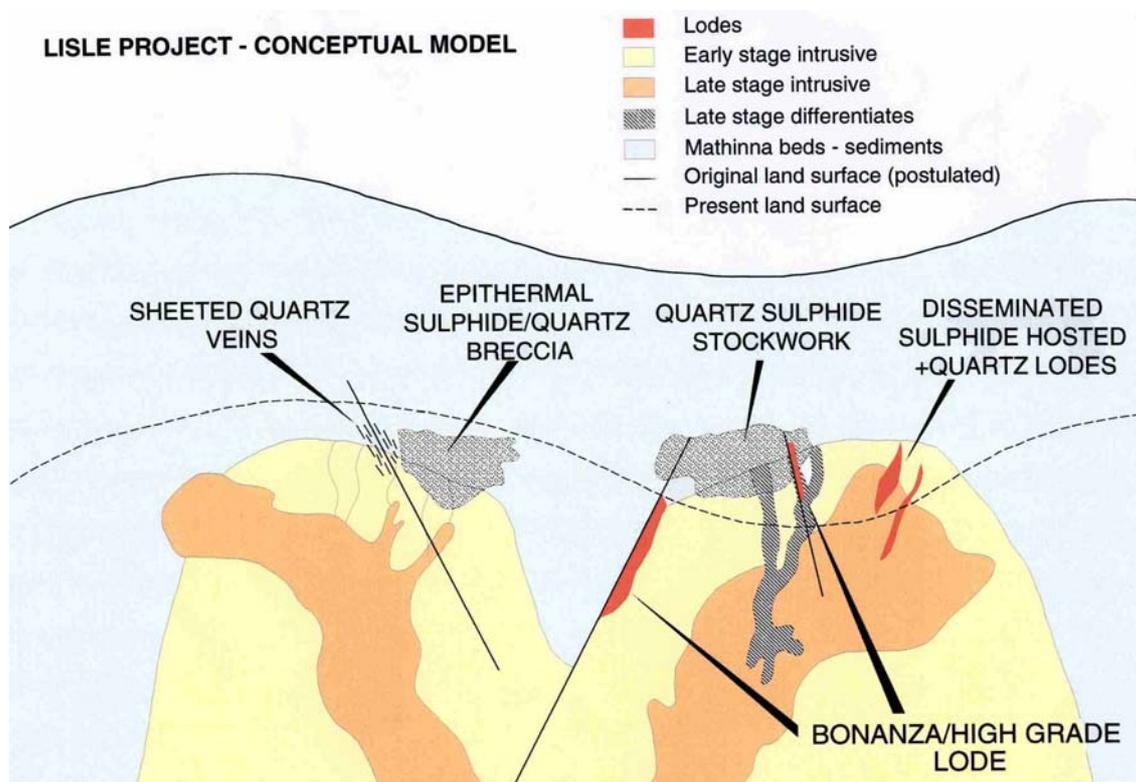


Figure 2. Lisle Project Conceptual Models.

Examples of these styles of deposits are known in Alaska, the Czech Republic, Spain, Kazakhstan, Bolivia and Australia. The Kidston (Queensland) and Timbarra (New South Wales) deposits are Australian examples.

World class Alaskan deposits of this style include Pogo and Fort Knox. Pogo is reported to host more than 9.0 million (M) tonnes (t) at 17.8 g/t Au for more than 5.0 million (M) ounces (oz) contained gold. Mineralisation occurs in three or more tabular, gently dipping quartz bodies associated with early biotite and

later quartz – sericite stockwork and sericite – dolomite alteration. The quartz bodies occur 1.5 km south of a Cretaceous batholith and are hosted primarily in gneiss.

Fort Knox occurs as a structurally controlled stockwork and shear quartz veins in a granodiorite pluton. It is reported to host 158.3 Mt at 0.83 g/t Au for more than 4.0 million oz contained gold.

Recent reports of gold mineralisation discovered at the nearby Denison goldfield by Anglo Australian Resources in sandstone (Mathinna Beds) may also be a model worth considering for the Lisle Project.

3.3 Local Geology

A good interpretive geological and structural map of EL 2/92 has not yet been completed. The local geology is dominated by ridges of hornfelsed Mathinna Beds and basins of weathered granodiorite and diorite. Numerous granodioritic and dioritic dykes intrude the Mathinna beds. Valleys and ridge slopes are covered by Quaternary talus and alluvial deposits, obscuring most of the recessive geology.

The Mathinna beds generally consist of a monotonous sequence of graded, quartz-wacke turbidites with lesser siltstones and black shales. Where observed in outcrop they appear to form NNW trending folds with several fold closures apparent on the EL. A weak NNW striking slaty cleavage is observed in some outcrops. Further structural mapping and interpretation is required. The Mathinna beds are locally hornfelsed with chlorite after cordierite spotting common within hundreds of metres of contacts with Devonian granitic to dioritic intrusives.

Granitic to dioritic intrusives are generally deeply weathered and rarely outcrop. Rare outcrop and core intersections indicate the intrusives are complex and inhomogenous with numerous inclusions of hornfelsed Mathinna beds and dark diorite. Textures vary from equigranular, feldspar-biotite-quartz granodiorites to feldspar-hornblende-biotite porphyritic diorites. Intrusions occur as dykes and small cupolas or porphyritic apophyses, possibly off a larger buried body. The largest known intrusive of this type occurs in the Lisle Valley and measures approximately 4km by 4 km.

Roach (1992) analysed 16 samples of the various granodiorites from Lisle, Golconda, Panama and the western margin of the Scottsdale Batholith known as the Diddleum Pluton. There is a clear distinction between the rocks of the Scottsdale Batholith and the granodiorite from the Lisle area. In terms of Rb and Sr the Lisle granodiorites are the least fractionated of the Tasmanian Devonian Granitoids.

There is a marked variability of the magnetic susceptibility of the granodiorites. This is probably a reflection of varying geochemistry between the complex intrusives but may also represent areas of magnetite destruction associated with hydrothermal alteration.

Mineralisation and alteration varies between host rocks. Within Mathinna Beds it occurs as thin (0.1 to 1.5m) quartz veins with strike lengths of up to several hundred metres. Veins appear to be hosted in late brittle faults. Vein attitudes vary between prospects but are generally steeply dipping. Some reported stratabound mineralisation of silicified auriferous sandstone beds have been reported (Reid, 1926, Fulton, 2001) although these have not yet been observed by the author.

Mineralisation and alteration within the intrusives is associated with intense sericite-silica alteration and variable disseminated pyrite and arsenopyrite. Quartz stockworks and sheeted veins are intimately associated with alteration zones with the intrusives. Vein orientations and styles again appear to vary between prospects. Minor ankerite, siderite and sulphides are associated with quartz veining and as pervasive and disseminated selvage alteration. Sulphides include dominantly pyrite and arsenopyrite with lesser galena, molybdenite and chalcopyrite.

4 PROSPECTS

4.1 Enterprise Prospect

The Enterprise area hosted the largest hard-rock workings within the Lisle-Golconda field and was also a significant alluvial producer. The prospect contains numerous shafts pits and adits, many collapsed or subsequently disturbed. The main working is located on an extensive (> 400m) quartz-sulphide reef hosted in an approximately N-S striking (350°) moderately west dipping (40-50°) thrust fault (see sections in Appendix 4). The reef/fault is hosted in fine to medium grained, multiphase granodiorite and diorite. Other parallel and spur veins were also worked in the past. A significant example is the West Vein located at the southern end of the Enterprise Prospect .

Mineralisation is variably developed in dilatant zones along the thrust fault with a number of discontinuous veins varying between 0.3 and 1.5m in width. The host rock is moderately to strongly silicified and sericite-chlorite altered with minor ferroan carbonate. Strong alteration extends approximately 5m either side of the reef. Moderate stock-work veining with altered granodiorite selvages extends into the footwall of the reef. Sulphides compose around 1% of the mineralisation and occur within quartz veins and as disseminations within altered granodiorite. Common sulphides include pyrite and arsenopyrite with minor chalcopyrite, galena and molybdenite. Gold occurs as fine electrum grains.

Earlier rounds of drilling produced variable results, with many holes intersecting old workings or missing the main structure. A further nine RC holes were completed this year for a total of 21 holes at the Enterprise Prospect (Table 6). Drilling extends over a strike length of 400m and to a depth of 80m from surface. The mineralisation remains open down dip and along strike to the north and south. There is a high potential for further

resources to be defined from parallel structures and structural dilatant zones as well as extending the main Enterprise Reef.

4.2 Panama

The Panama Mining Field is located at the western end of the Panama Valley. Numerous adits and associated, shafts, winzes, stopes and pits from historic mining are well preserved in the SW end of the Valley. The field was mined intermittently between the 1880's and 1920's. At the far SW end of the Valley several adits were excavated between 1907-1920 and are known as Everett's Tunnels. Several ENE-WSW striking, 85° NW dipping veins/faults have been stoped and driven along in these adits (Wilson – Symmonds Reef, Southern Ounce and Eight Penny Weight). Rock chip sampling of veins within the adits have returned numerous significant Au values to 76.5 g/t Au. These samples were taken from remnant vein material on previously stoped veins suggesting the stoped veins were perhaps of equal or better grade. Veins/faults vary between, 10cm and 2m in width. Mineralised structures appear to have good lateral continuity with only minor late cross faulting.

A large tunnel excavated by the New Panama Co. is located 100m north and may access the same reefs or other parallel veins. A large quantity of mineralised quartz is located on mullock dumps at the entrance to the tunnel proving the presence of quartz reefs in the workings. Unfortunately the tunnel has collapsed so vein orientations and locations are not available. The Golden Pyramid workings are located further north in weathered granodiorite. These workings were apparently accessing quartz veining on the granodiorite-sediment contact. There is some mention of a N-S striking, quartz reef adjacent to Everett's tunnels and the New Panama Tunnel but little positive information is available.

The ridges surrounding the valley are composed of hornfelsed Mathinna Beds while the floor of the valley is composed of deeply weathered granodiorite covered by later Quaternary talus and alluvial deposits. Apart from the few well preserved adits that can be accessed, outcrop in the field is poor.

Apart from rockchip, soil and auger sampling completed by MACMIN in the mid 1990's, no modern exploration has been conducted on the Panama field. The panama field has good potential to host both high grade, low tonnage vein deposits in the Mathinna Beds and bulk tonnage, low grade stockwork mineralisation in the granite.

4.3 Potoroo

The Potoroo Prospect is located at the eastern end of the Panama Valley. The prospect contains small granodiorite intrusions into hornfelsed Mathinna Beds. The granodiorite has been deeply weathered and forms topographic lows largely obscured by Quaternary Talus.

Mineralisation consists of sheeted quartz-pyrite-arsenopyrite veins and disseminated sulphides in altered granodiorite. The Mathinna Beds are apparently less mineralised than the granodiorite. Several trenches and drill holes have been completed at the prospect. Unfortunately no maps from previous rounds of trenching are available so geological control on the prospect is poor. Recent trenching indicates granodiorite dykes and veining within the granodiorites trend NW and dip steeply NE (Figure 6). If this is the case then earlier rounds of drilling were not optimal to the strike of the mineralisation.

Costaen No	Length m	Au g/t	As ppm
TP1	64	0.6	1443
TP2	50	0.3	8
TP3	25	0.1	13
TP4	74	0.2	1134
TP5	98	0.4	3485
TP7	32	0.1	269
TP9	14	0.1	807
TP9	8	0.1	275

Table 1. Potoroo Prospect – Costeans

Consistent gold mineralisation is indicated by channel sampling in many trenches with significant intersections of greater than 0.1 ppm Au (Table 1).

RC drilling of the prospect has defined significant low grade intersections within a limited area. The mineralised zone remains open to the south and west. Results suggest the prospect has good potential to host a bulk tonnage low-grade deposit (Fort Knox Style). The drill spacing needs to be increased to scope the size potential of the deposit.

Best RC drill hole intersections include:

BHID	From m	To m	Length m	Au g/t
P001B	11	12	1	4.8
P001B	32	34	2	0.7
P003	4	6	2	0.5
P003	14	16	2	0.5
P003	30	31	1	2.5
P004	12	14	2	4.3
P005	5	7	2	4.6
P005	19	21	2	0.9
P006	12	13	1	1.7
P007	12	13	1	6.4
P010	21	22	1	1.5
P011	27	28	1	1.7

Table 2. Potoroo RC Drill Summary. (Assay results are pending for drilling 2003).

The deposit has an associated magnetic high just west of the sub-cropping granodiorite. This possibly represents the granodiorite extending west below

the hornfelsed Mathinna beds. Alteration and mineralisation increases towards the magnetic high.

4.4 Gold Crest Prospect (from McNeil 2002)

“Virginia Ridge Zone

Description: Virginia Ridge Zone, located on along the summit ridge and ‘eastern’ slopes of Mt Wilson, was formerly reported as part of the Gold Crest Prospect, and is possibly a strike extension to the gold Crest Reef, though this is unlikely.

Mt Wilson’s ridge-top is composed of silicified and/or hornfelsed Mathinna Beds. The northern slopes consist of Mathinna Beds or scree overlying Mathinna Beds (except for the small occurrence of granite at Potoroo) whereas the southern slope is mostly granite covered by a veneer of Mathinna Beds scree. Rare quartz veins (generally striking approximately E-W with small jogs striking around 124/304° mag.) crop out along the ridge top. The veins are generally narrow (rarely exceeding 30 cm width) and most have been excavated to some extent although few are mineralised.

Some adits and shafts (into Mathinna Beds on the northern slopes and into granite on the southern slopes), usually following or oriented to intersect quartz veins or limonitic / sulphidic stockwork, have been mapped.

Anomalies: B and C-horizon soil sampling revealed two linear soil anomalies which joined in the shape of a Y (Au to 190 ppb and As to 1,100 ppm) near the power line. The left fork relates to Gold Crest and the right to the NE-SW linear Virginia Ridge soil anomaly. Trenching on the southern slope adjacent to the diamond drill hole LSD-4 has intersected disseminated Au mineralisation probably associated with sulphidic stockwork. A nearby adit into granite and which intersects this anomaly revealed the presence of limonitic stockwork and quartz veins.

One short diamond drill hole (E.O.H. 29.5m) by MACMIN in 1995 intersected gold mineralisation in oxidised granodiorite which gave 23m at 0.6 g/t Au (including 2m @ 2.8 g/t Au).

Table 3. Gold Crest Prospect – Drillhole LSD 4

Hole No	Depth (m)	From (m)	To (m)	Width (m)	Au g/t
LSD 4	29.5	1.0	4.4	3.4	0.38
		4.4	6.4	2.0	2.92
		6.4	8.0	1.6	Cavity
		8.0	24.0	16.0	0.40

Trenching on the southern slope adjacent to the drill hole intersected disseminated gold mineralisation probably associated with fine sulphide veinlets and returned assays to 0.77 g/t Au and 1,450 ppm As.

Interpretation: Anomalies have a higher average grade within granite, which appears to contain a greater abundance or concentration of sulphidic or limonitic stockwork / quartz veins proximal to the granite / MB contact. Mineralisation appears to be

associated with the stockwork / veination rather than being simply “disseminated” within the granite i.e. a post-crystallisation structural control is possible.

Gold Crest Reef Zone

Description: Refer to the description above for Virginia Ridge Prospect

Anomalies: Government geologist McIntosh Reid collected samples from the Gold Crest workings that returned up to 66 g/t Au with 112 g/t Ag: he noted "If the last sample taken from the winze (#9) is truly representative of the average quality there, the continuance of that exploratory work is warranted." Sample #9 returned 33 g/t Au and 7 of his 12 rock samples returned > 15 g/t Au. See the table below for additional results.

Sample Number	Location	Vein Width m	Gold		Silver	
			g/t Au	g.m	g/t Ag	g.m
1	Adit 1 - 50ft N of winze	0.15	8.81	1.3	20.34	3.1
2	Adit 1 - 47ft N of winze	0.25	7.00	1.8	20.28	5.2
3	Adit 1 - 37ft N of winze	0.30	5.77	1.8	15.23	4.6
4	Intermediate Level	0.46	22.87	10.5	43.15	19.7
5	Intermediate Level	0.20	16.00	3.3	71.08	14.4
6	Intermediate Level	0.38	27.47	10.5	48.72	18.6
7	Intermediate Level	0.61	0.00	0.0	3.76	2.3
8	Intermediate Level	0.30	66.02	20.1	111.96	34.1
9*	Main Adit winze 8ft deep	0.25	32.98	8.4	40.62	10.3
10	Main Adit winze 3ft deep	0.30	20.34	6.2	40.69	12.4
11	Intermediate Level	0.25	15.23	3.9	25.40	6.5
12	Main Adit - North End	0.10	3.43	0.3	3.63	0.4
13	Tailings ck sand		3.43		10.17	
14	Tailings dump sand		5.44		25.98	

Table 4. Historic sampling of Gold Crest (Reid, 1926).

Macmin sampling of the Gold Crest workings returned up to 24.75 g/t Au in the collapsed area that was historically stoped (Table 5).

Sample Number	Assays		Location
	Au (g/t)	As (ppm)	
40001	2.31	19200	Gold Crest Mullock
40002	4.30	10700	Gold Crest Mullock
50001	4.05	2330	Power Line Adit
50005	0.53	270	Gold Crest
50072	6.50	1.85%	Big Gold Crest
50073	24.75	2440	Big Gold Crest
50074	8.20	1.18%	Big Gold Crest

Table 5. Rock Chip samples, Gold Crest.

Interpretation: The orientation of the gold anomalous quartz veins in the granite is uncertain and must be verified, but is thought to be roughly NNE with a moderate WNW dip.”

4.5 Junction Star Prospect

The Junction Star Prospect is located to the SE of Mt Wilson next to Lone Star Creek. The prospect was defined as a roadside As anomaly. Subsequent trenching has exposed an E-W trending granodiorite dyke intruding Mathinna Beds. The granodiorite is deeply weathered and covered by Quaternary Talus. Little quartz veining was evident in the granodiorite or Mathinna Beds. Both the granodiorite and adjacent Mathinna beds contained low level arsenic and gold mineralisation, probably disseminated through altered host rock. Channel sampling of the trench returned best results of 38m @ 0.1 g/t Au with a maximum value of 0.2 g/t Au. Assay results are pending for RC hole JS001.

4.6 Bessells /Cradle Creek / Tobacco Creek (from Mc Neil 2002).

Description: (a) The Bessells Grid area consists predominantly of psammitic Mathinna Beds containing rare patches of gossanous alteration. Part of the Golconda Creek drainage contained BLEG anomalism for Au but no consistent Au anomaly was discovered in soil or auger sampling. The soil grid was terminated on the NE end with some Au and As anomalies that can be correlated with auger anomalies from the road to the NE.

(b) In the Cradle - Tobacco Creek area, most layers of the Mathinna Beds have a fine-grained psammitic texture but rare layers of graphitic or carbonaceous mudstone and a gossanous coarser-grained texture also can occur. Rare (unmineralised) quartz veins have been observed, mostly in the Cradle Creek drainage. The more strongly silicified psammitic beds often contain abundant limonitic stockwork and rare quartz veins which may contain strongly altered gossanous selvages: rare samples of this rock have contained anomalous abundances of gold but the majority have not. This area contains evidence of significant alluvial and/or eluvial workings in the creek valleys; hand trenches and adits indicate past interest in locating veins which sourced the quartz float found on the slopes and streams.

Anomalies: Initial assays in the Bessells Grid area were promising but back-up soils and auger assays proved the initial assays to be incorrect, probably due to analytical error. Overall only rare, slightly above-background anomalism exists and there is no apparent continuity in anomalism. R. Botrill has collected grab samples from here that assayed >1g/t Au.

Interpretation: The lack of geological data makes this area very difficult to interpret if the Au anomalism is due to alluvials or veins. Exploratory rock chip sampling from outcrop in the Cradle Creek area returned only one assay (10 ppb) above background. " (McNeil, 2002)

5 WORK COMPLETED JULY 2002-JULY 2003

5.1 Magnetic Interpretation

Open File aeromagnetic data flown by MRT as part of the NETGOLD program has been acquired by TasGold Ltd. The data was processed by geophysical

consultant Bruce Craven and subsequently presented as Mapinfo Tables. A structural analysis of the data was also completed by Bruce Craven. The processed data and interpretation are located in digital format in Appendix 1.

The resolution of the data is suitable for regional scale interpretation but is not detailed enough for prospect scale analysis. The most obvious feature is the variable magnetic high associated with the granodiorite intrusions contrasting against the even low magnetic susceptibility of the host Mathinna Beds. Prominent magnetic highs within the granodiorite intrusion are located just east of the Potoroo Prospect and to the NW of the Panama Prospect.

The Enterprise/Gold Crest Prospects are associated with a magnetic low within the generally magnetic granodiorite body. This has possibly resulted from magnetite destruction due to hydrothermal activity.

The large magnetic high to the NE of the tenement is associated with Tertiary basalt flows.

Prominent NW lineaments are obvious within the granodiorite. These are on the same orientation as major regional faults in the NE Tasmanian terrain. It is likely that the granodiorite intruded along dilatant zones associated with these major faults, possibly related to transfer structures. The strongest of these lineaments is also associated with the Enterprise-Gold Crest and Potoroo Prospects. Post intrusion reactivation of these faults during late stage devolatilisation has focussed hydrothermal alteration within the EL.

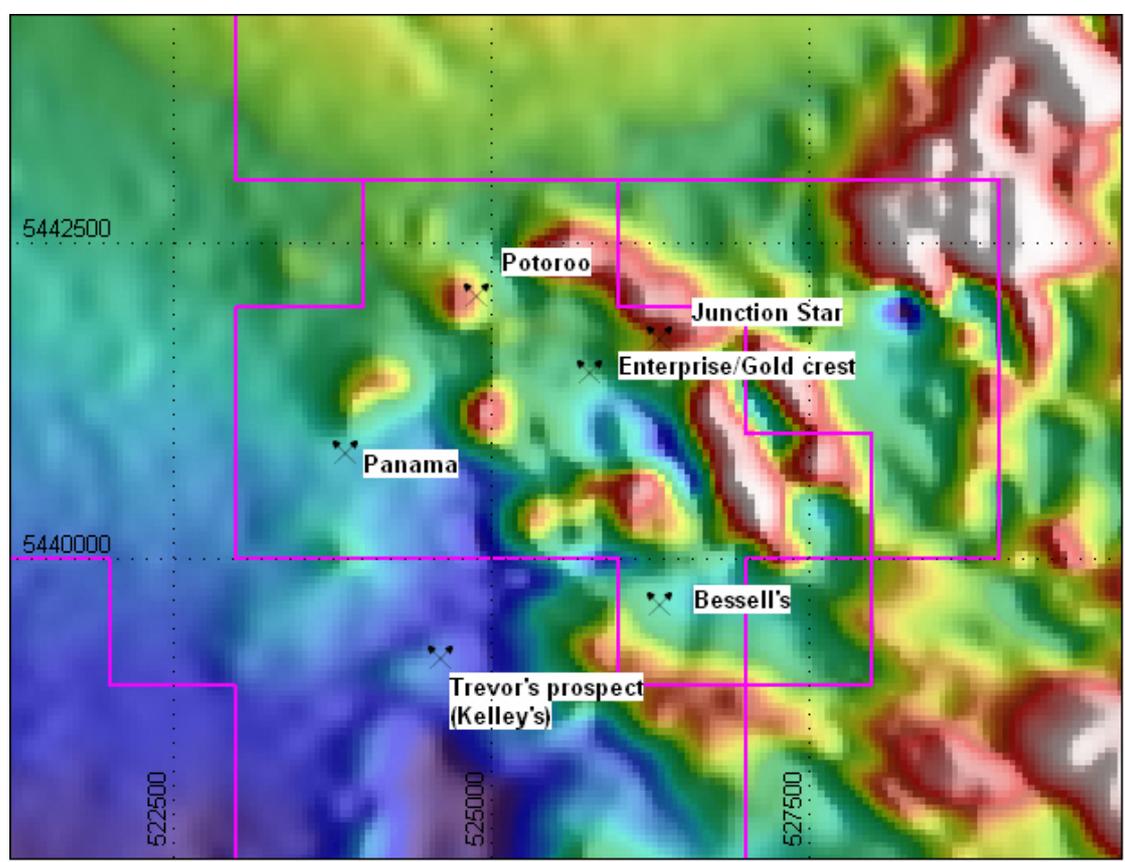


Figure 3. EL2/92 TMI image.

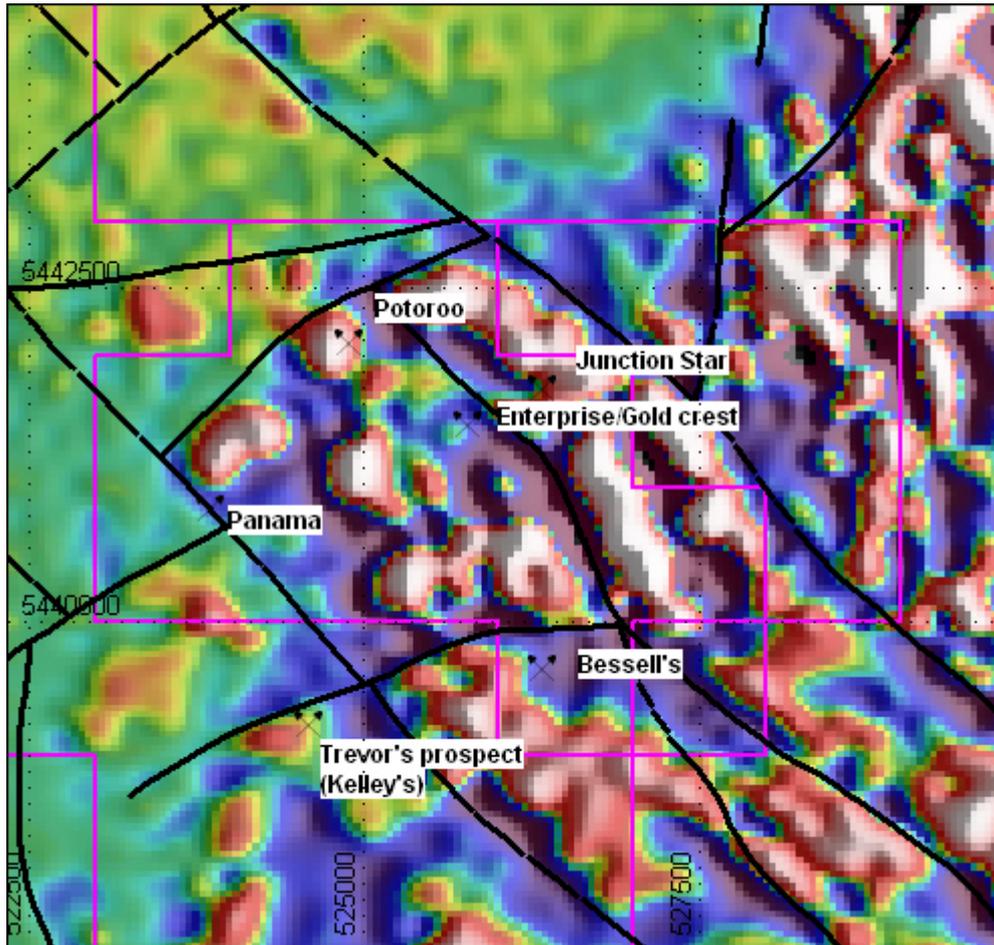


Figure 4. EL2/92 first vertical derivative aeromagnetic image and structural lineaments.

5.2 Trenching

Trenching of the Junction Star and Potoroo Prospects was conducted in July 2003. A 22 ton excavator owned by Terry Hazelwood was employed to trench along previously defined soil anomalies (Hall, 1995). The trenches were mapped and channel sampled on 4m composites for the entire trench length. A diamond saw was used for trench sampling. Approximately 2-3kg samples were sent to Aminya laboratories Burnie and were analysed for Au, Ag and As using a 50g Aqua Regia digest and AAS analysis. Assay results are listed in Appendix 2.

A 104m trench over a roadside b-Horizon soil As anomaly was completed at Junction Star. A geological map of the trench is presented in Figure 5.

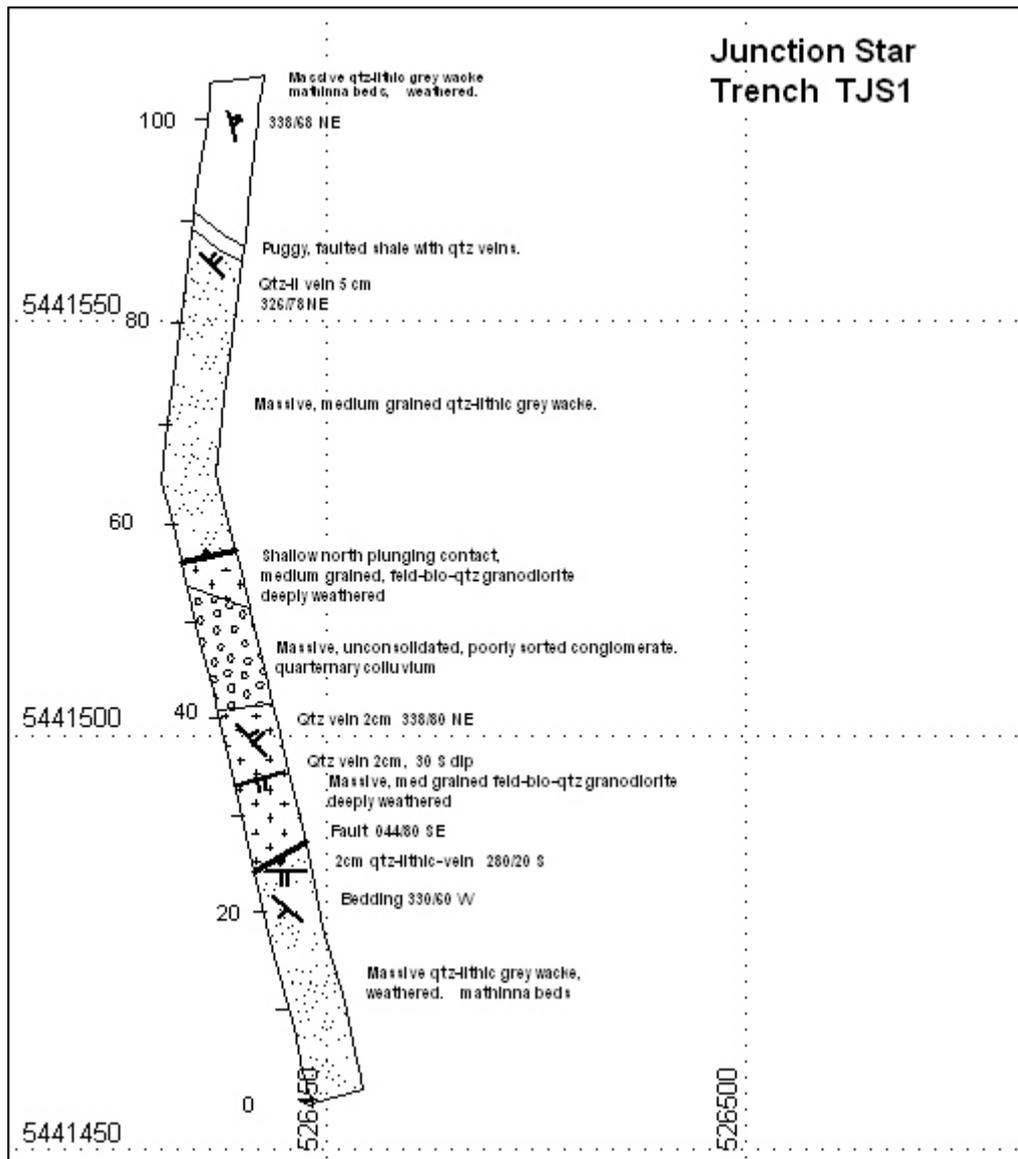


Figure 5. Junction Star Trench TJS1.

The trenching exposed the top of a weathered, shallow north plunging granodiorite intruding steeply NE dipping weathered Mathinna Bed greywackes. Very little Quartz veining was evident in the trench. Only minor 2cm quartz-limonite veining was observed in a few localities. The gold and arsenic anomaly is probably related to low level disseminated sulphide mineralisation hosted in the granodiorite and the adjacent host sediments. The best results from the trench included 38m @ 0.1 g/t Au with a maximum value of 0.2 g/t Au.

A 117m north south trending trench was completed at the Potoroo Prospect. The trench was designed to test a previously defined c-horizon soil As anomaly (Hall, 2001). The trench exposed deeply weathered, hornfelsed Mathinna Bed greywackes intruded by two essentially NW trending granodiorite dykes (Figure 6). Bedding measurements of the sediments suggest the dykes intruded the western limb of a south plunging overturned, asymmetric syncline. The hinge of the west verging syncline was exposed in

the trench. NW trending, steeply NE dipping sheeted quartz-limonite veins were hosted in the granodiorite.

Selective sampling of the veins indicates that they are weakly mineralised with low level Au and As (averaging 0.2 to 0.3 g/t Au). The granodiorite and adjacent Mathinna Beds contain similar low level Au and As mineralisation, 14m @ 0.1 g/t Au and 8m @ 0.1 g/t Au.

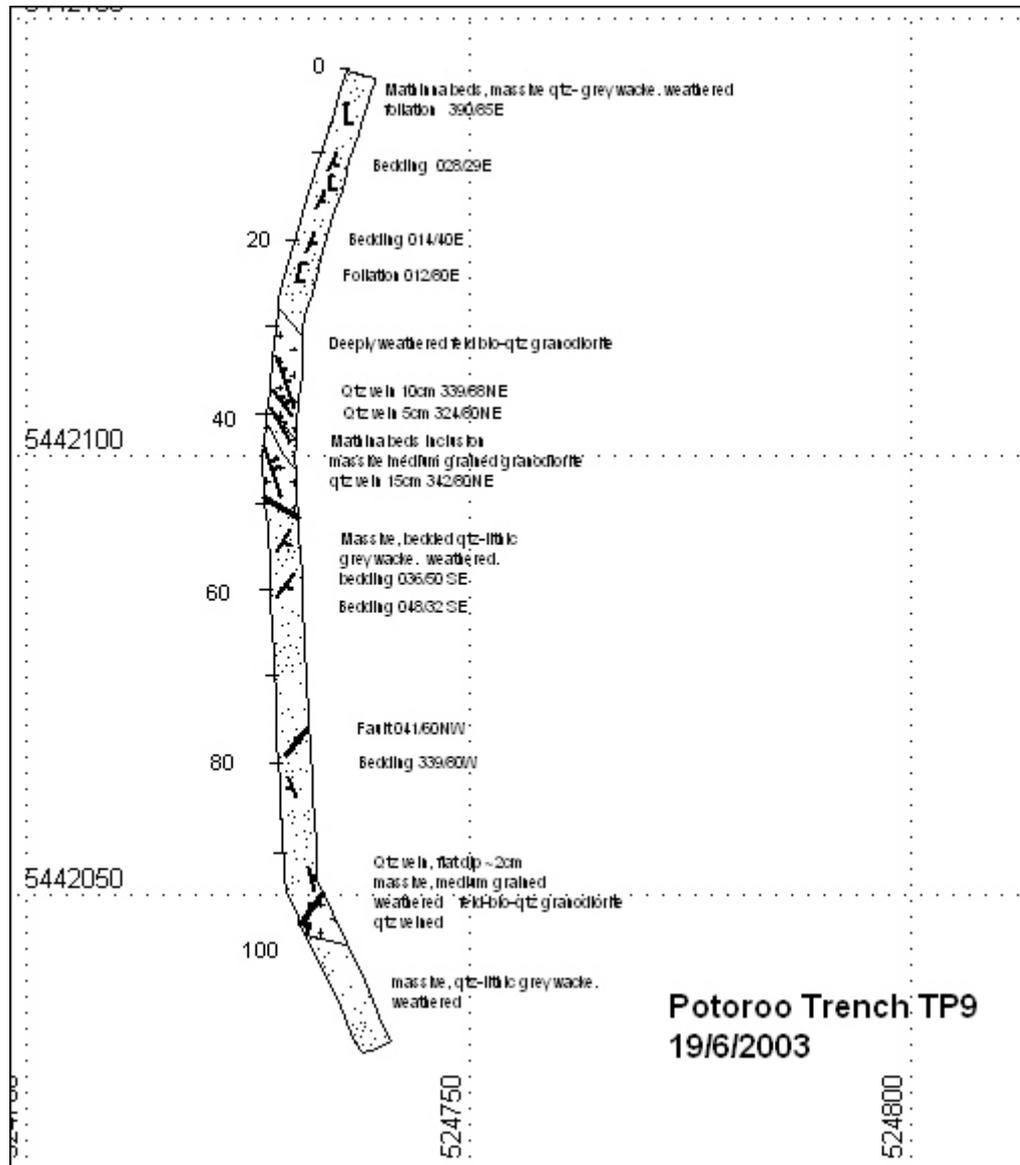


Figure 6. Potoroo Trench TP9.

5.3 RC Drilling

Spaulding's drilling were contracted to complete an RC program on EL2/92 in July 2003 using a truck mounted G&K850 rig supported by a truck mounted Sullair auxiliary compressor and booster. A 22 tonne excavator contracted from Terry Hazelwood was required to be on site for drill site preparation and to support rig moves in wet and slippery conditions. Rig moves were difficult.

A total of 1078 metres in 16 holes were completed on the Enterprise, Potoroo and Junction Star Prospects. All holes were sampled and logged on a 1m basis with each metre collected in large plastic bags. The holes were sampled after logging.

One 2-3kg composite sample was collected per 4m interval using a 50mm PVC pipe spear from less prospective parts of drill holes. Visibly altered and mineralised bags were sampled on a one metre basis via a riffle splitter to obtain a 2-3kg representative sample.

All samples were analysed at Aminya Laboratories Burnie. Each sample was analysed for Au, Ag and As by AAS using a 50g Aqua Regia digest. Check assaying by fire assay was completed on selected high grade samples.

Drill logs and assay results are listed in Appendix 3. At the time of writing not all analyses had been received. These will be appended to the report when they have been finalised.

Enterprise Prospect.

Nine holes were completed on the enterprise prospect. The program was designed to test the Enterprise Vein below the old workings at about 70m RL. The Enterprise Vein is a variably developed vein on a moderately west dipping reverse fault. Silica-sericite-pyrite alteration is localised around the structure. Other spur veins and parallel structures are associated with the mineralising system. An important one of these is the under-explored West Vein which appears to contain high grade gold. Other, under explored parallel veins exist to the west and have not yet been adequately tested.

Best results from the program are listed in Table 6. Long projections of the Enterprise structure and West Vein are presented in Figures 7 and 8.

Table 6. Enterprise RC Drill results, 2003.

Hole Number	EOH Depth (m)	Vein Name	Downhole Interval		Intercept Length (m)	Gold Grade (Weighted Assay Average) (g/t)	Drill Collar Information						
			From (m)	To (m)			Easting (AMG)	Northing (AMG)	Azimuth (mag.)	Inclination (degrees)	RL (m)		
E006	49.0	Main		31	35	4	2.3	526030	5441315	000	-90	120	
		Main	incl.	31	32	1	5.3						
		Main	plus	38	39	1	5.8						
E007	66.0	Main		41	50	9	0.8	526025	5441217	000	-90	112	
		Main	incl.	48	50	2	2.4						
E008	60.0	Main		36	41	5	2.1	526025	5441184	000	-90	112	
		Main		36	37	1	7.8						
E009	42.0	* Western	Western		6	10	4	12.8	525995	5441153	000	-90	116
				incl.	7	8	1	42.7					
E010	72.0	Main	Main		61	63	2	7.4	526000	5441100	000	-90	116
				incl.	62	63	1	10.9					
E011	78.0	Western		6	7	1	1.7	525955	5441055	075	-70	130	
E012	90.0	*					*	525950	5441958	088	-60	140	
E013	84.0	**	Main		83	84	1	0.5**	526007	5440950	090	-60	140

NB:

* Did not intersect target horizon (Main Vein)

** Did not intersect target horizon (Main Vein) - hole stopped (due to drilling conditions) in alteration

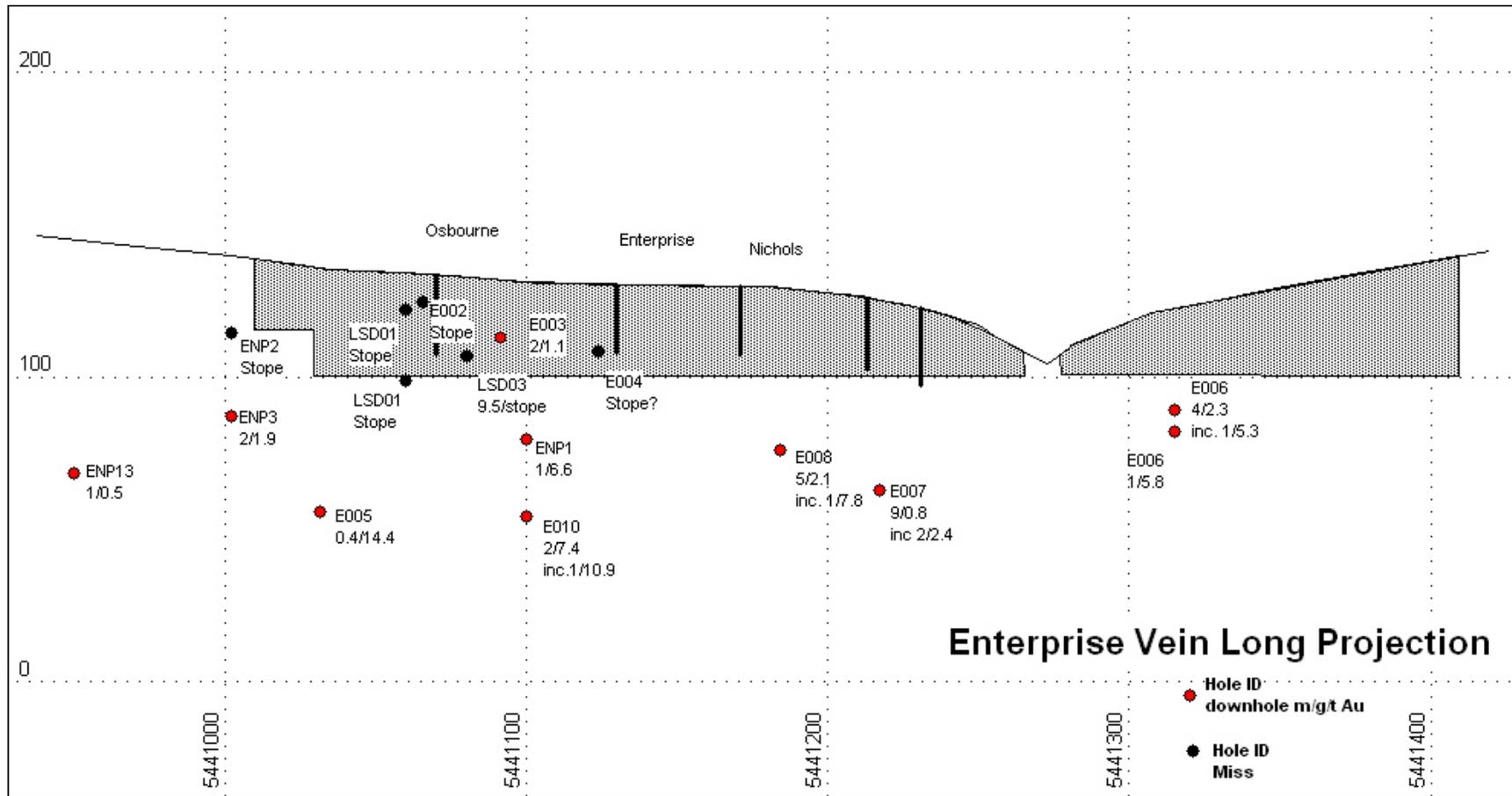


Figure 7. Enterprise Vein Long Projection

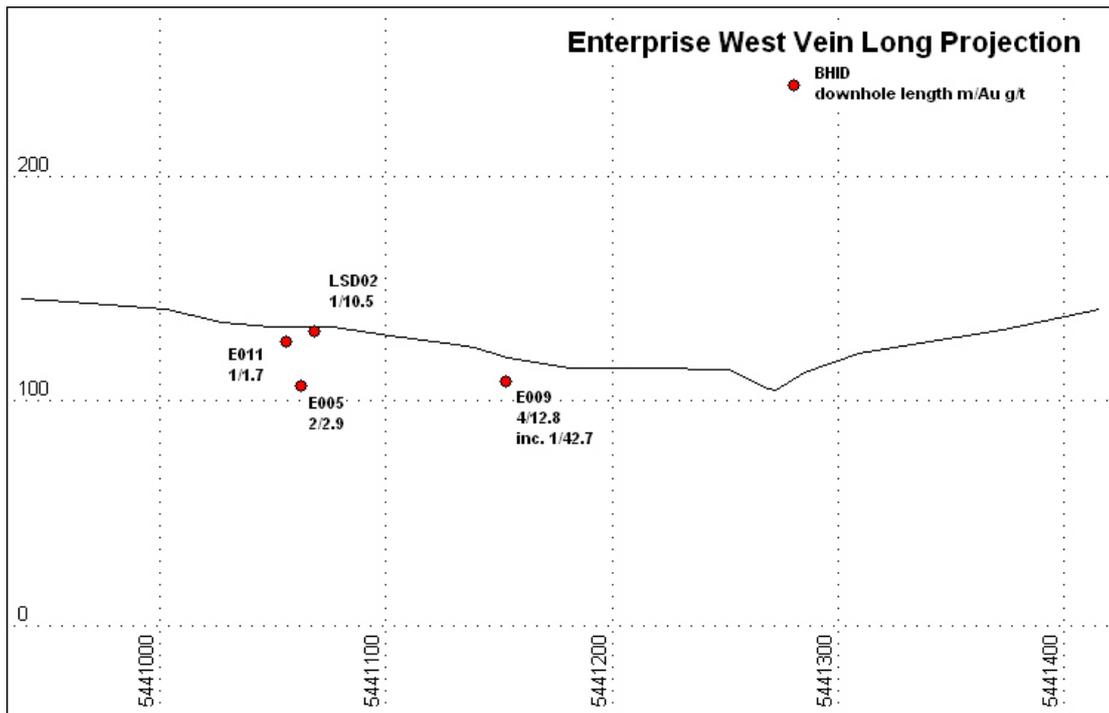


Figure 8. West Vein Long Projection.

E006 was designed to test the moderately west dipping Enterprise structure at about 70m RL. The hole successfully intersected the structure which was altered and quartz veined over an extensive interval from 24 to 39 m.

E007 was similarly designed to test the structure on 5441250N. Surface constraints meant the hole had to be collared 20m south of the section. The hole intersected an extensive zone of alteration and veining between 41 and 51m. Gold mineralisation was low low grade (9m @ 0.8 g/t Au).

E008 was designed to test the structure on 5441200N. The hole intersected significant veining and alteration between 35 and 42m with a best intersection of 5m @ 2.1 g/t Au.

E009 was collared on 5441150N. The hole intersected the West Vein high in the hole. Bad ground conditions prevented the hole from reaching full depth and the Enterprise Vein was not intersected. The west vein contained abundant, oxidised quartz veining and returned a best intersection of 4m @ 12.8 g/t Au.

The collar position of earlier RC hole ENP1 was not well located so an additional hole E010 was designed to test the Enterprise Vein on 5441100N. The hole intersected significant alteration and veining with a best result of 2m @ 7.4 g/t.

E011 was designed to test the Enterprise Vein on 5441050N. The hole intersected several zones of alteration and quartz veining with sulphides but gold mineralisation was poor. The hole was stopped at 80m due to bad ground conditions jamming the rods. It is possible the hole did not quite reach the target zone. This hole should be extended a further 50m.

E012 was designed to test the southern extension of the enterprise vein on 5440950N. The hole remained in hornfelsed Mathinna Bed Greywackes to the end of hole at 90m. Minor quartz veining and disseminated pyrite was observed but no significant gold was returned. The granodiorite and Enterprise vein has possibly been faulted off to the east by an interpreted E-W sinistral fault. Old workings are located in the small depression to the east with weathered granitodiorite clays on the mullock piles.

E013 was collared on the same line as E012 (5440950N) to test the old workings. The hole intersected altered granodiorite with numerous anomalous intersections before the rods became bogged at 84m. The end of hole was in silica-sericite-pyrite altered granodiorite with minor arsenopyrite and had a gold assay of 1m @ 0.5 g/t. This hole should be extended a further 50m. An extra hole is recommended to the east of this hole to test for the interpreted fault offset of the Enterprise Vein.

E014 was designed to test coincident Au-As b horizon soil anomalies approximately 150m west of the Enterprise vein. The hole intersected extensively silica-sericite pyrite altered granodiorite and a number of limonitic quartz veins. Assay results are pending.

This hole represents another untested zone of gold mineralisation located at surface in the Enterprise area. Untested b-horizon Au and As soil anomalies link the Enterprise and Gold Crest prospects. Significant mineralisation including some spectacular intersections have been defined from a limited portion of this system. It is highly likely that this area hosts a significant gold resource, much of which is located at surface and is amenable to open cut mining. The area requires considerably more exploration drilling followed by resource definition drilling.

Potoroo.

Six RC holes were completed on the Potoroo Prospect during the past year. The drilling program was designed to test the eastern, southern and western extensions of the mineralisation defined last year as well as test gold mineralisation identified from trench sampling this year. Drill hole locations are presented in Figure 9. At the time of writing assay results are still pending for much of Potoroo. They will be appended to this report when they are received. Drill logs and assay results are listed in Appendix 3.

P015 was designed to test the veined and mineralised granodiorite dyke exposed in trench TP9. Minor altered granodiorite dykes were intersected but the hole did not intersect the larger granodiorite body which is dipping SW. The hole was stopped at 60m.

P016 was collared further south within the granodiorite. The hole intersected Mathinna Bed greywackes intruded by numerous weakly altered granodiorite dykes. No major veining or alteration was observed and the hole was stopped at 45m.

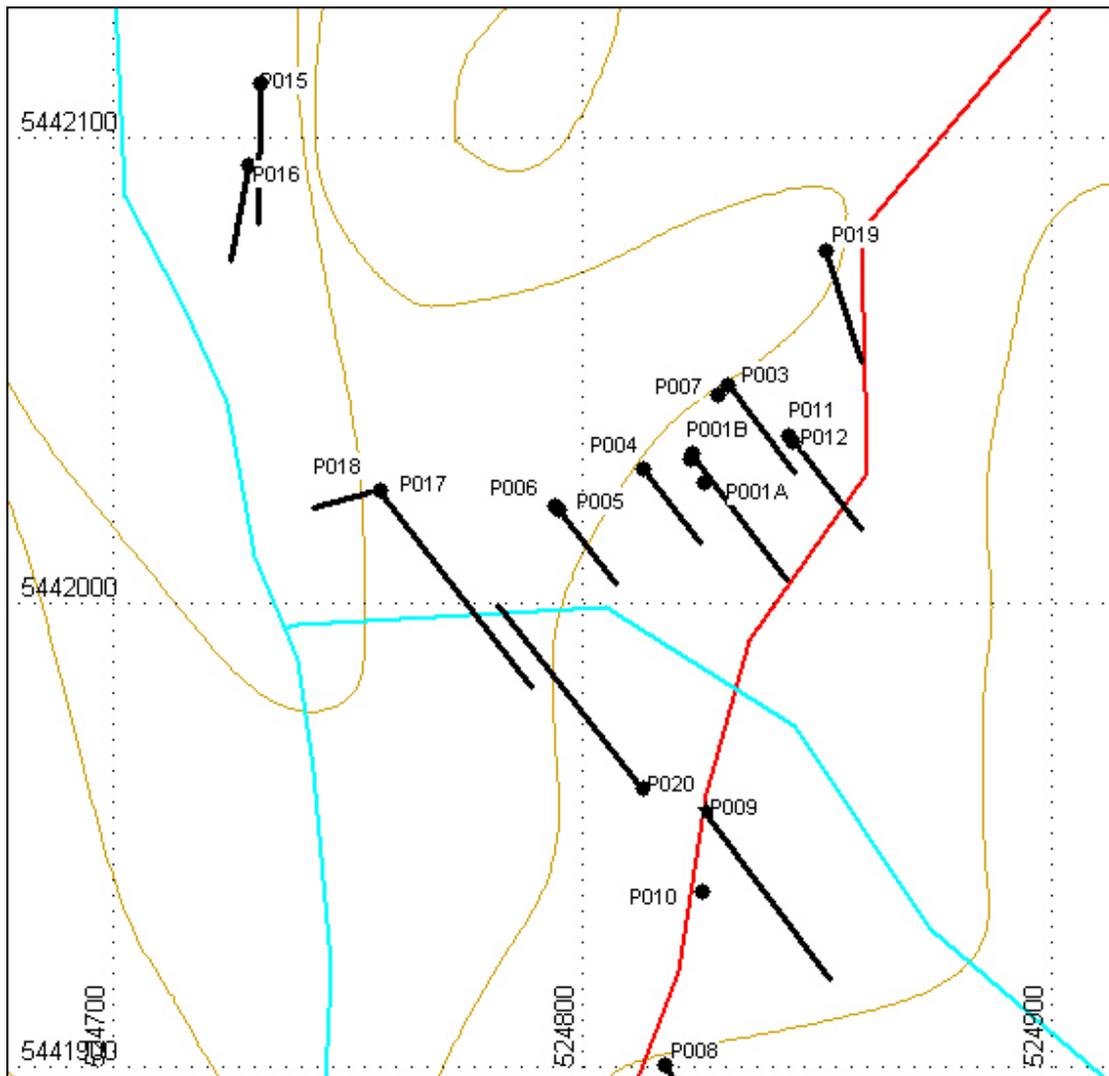


Figure 9. Potoroo DDH plan.

P017 was designed to test the western extension of the mineralisation intersected in earlier drill hole P005 (2m @ 4.6 g/t Au). The entire hole intersected a large zone of silica-sericite-pyrite altered granodiorite that remains open at depth. Patches of disseminated arsenopyrite and quartz veining were observed in the alteration zone. **Assays results are pending.** The top thirty-five metres of the hole was composed of a blue micaceous clay considered to be a result of insitu acid leaching of the sulphidic granodiorite. Fine biotite flakes included within the clay support this hypothesis. Gold bearing lacustrine blue clays were noted in the old alluvial workings of the Lisle Valley (Bottrill, 1994). These were probably derived from deeply leached granodiorite such as this.

P018 was designed to test an interpreted N-S fault between the Potoroo prospect and the ridge to the immediate west. The hole intersected a late brittle fault and hornfelsed greywacke intruded by moderately weathered granodiorite. Unfortunately the hole was unable to be continued due to bad ground conditions so the target zone was not adequately tested.

P019 was designed to test the eastern extension of the Potoroo Prospect. The hole intersected moderately to strongly altered granodiorite. No major veining was observed. The hole was stopped at 58m after the bit sheared off and could not be recovered from the hole. The hole has not adequately tested the eastern margin of the prospect.

P020 was collared to the south of P017 and P005. This hole was designed to scissor the alteration zone to try and determine the morphology of the zone and was also a test of the southern extension of the mineralisation in P017. Again strongly altered granodiorite was intersected beneath a deeply weathered zone of blue clay. The granodiorite was extensively silica-sericite-pyrite altered and contained zones of arsenopyrite and quartz veining.

It is apparent that mineralisation is more extensive, is of better grade to the west of the prospect. The prospect remains open in all directions but the tenor may be increasing towards to the west. This area is coincident with a prominent magnetic high and is a very attractive target. The Potoroo prospect is considered to have excellent potential to host a bulk tonnage, low grade deposit. Further drilling is required, particularly testing the western extension of the zone.

Junction Star

One RC hole was drilled into the anomalous granodiorite body exposed in the trenching program. The hole intersected small zones of weakly to moderately sericite altered granodiorite. Assay results for this hole are pending but are not expected to be overly significant. No further work is warranted for this prospect at this stage.

6 PROPOSED WORK

EL 2/92 hosts many prospects that have a high probability of hosting significant economic gold resources. Both low grade bulk tonnage prospects such as Potoroo and parts of the Enterprise-Gold Crest system, and medium to high grade narrow vein prospects such as Enterprise and the West Vein are located within the EL. All of these prospects remain open and require resource definition drilling. Trenching is planned for the Bessell's and Panama prospects but has not been undertaken at the time of writing.

In addition to this there are extensive areas of previously defined Au-As soil anomalies and old workings containing high-grade veins (Gold Crest, Panama) surrounding these prospects that have not yet been tested. These require first pass exploration drilling planned to be completed in the upcoming year.

The Lisle District has excellent potential to support a centralised Au plant treating ore from a number of nearby open cut and underground workings.

TasGold plan to aggressively explore this district over the next year with the aim of assessing the resource potential of the Enterprise, Potoroo, Panama

and Gold Crest prospects as well as completing first pass exploration drilling of additional Au-As b-horizon soil anomalies.

Exploration will be completed mostly with a man portable diamond drill rig. Environmental, climatic and archaeological restrictions had slowed exploration for the short term but most of these problems have been worked through and exploration is currently underway.

Detailed work programs are listed below.

6.1 Enterprise

An inferred resource will be calculated for the Enterprise Vein following finalisation of this years drilling results. Preliminary resource estimates for this structure suggest it is too thin and low grade to be a significant stand alone resource. However the high grade West Vein is located nearby increasing the total ounces accessible from any development in this area. Further drilling of the Enterprise, West Vein and E014 mineralisation is required so the financial viability of the whole system can be assessed.

A further program of drilling designed to infill previous drilling and test the northern and southern extensions of the Enterprise vein is proposed. A total of 4 new holes for 300m and two hole extensions (E011 and E013) for 100m is planned (Figure 10). Five holes will be completed with a diamond rig to provide structural information and reduce environmental impact on the landholders property. The southern most hole may be completed with an RC rig.

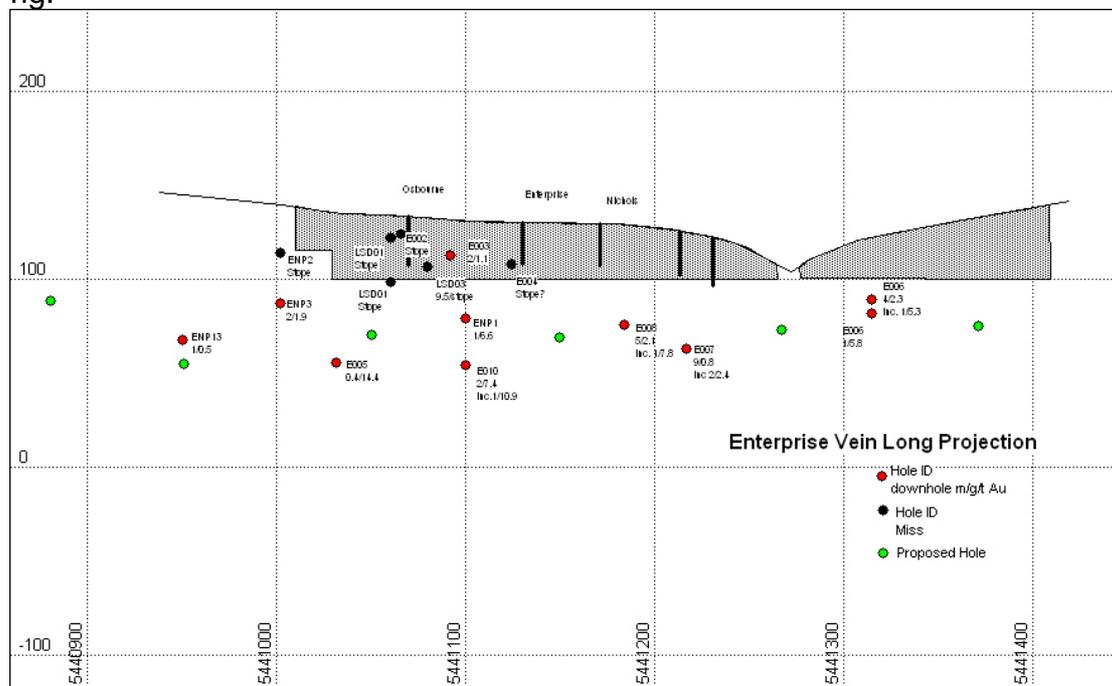


Figure 10. Enterprise Vein Proposed drilling.

The under explored West Vein represents an important, high grade zone adjacent to the main Enterprise structure. The close proximity and grade of this structure is important to the economics of the Enterprise system. At

present the geology of this vein is poorly understood. It is assumed to have a similar moderately west dipping attitude as the Enterprise Structure. This needs to be verified with further diamond drilling. The vein remains open along strike to the north and south and down dip.

Initially three new holes for 160m are planned. A fourth intersection is planned from one of the Enterprise vein proposed holes on 5441150N. Further drilling will be planned after assessment of the first round of drilling.

Four more RC and/or diamond drill holes are planned to further assess the mineralisation identified in drill hole E014 for a total of 400m.

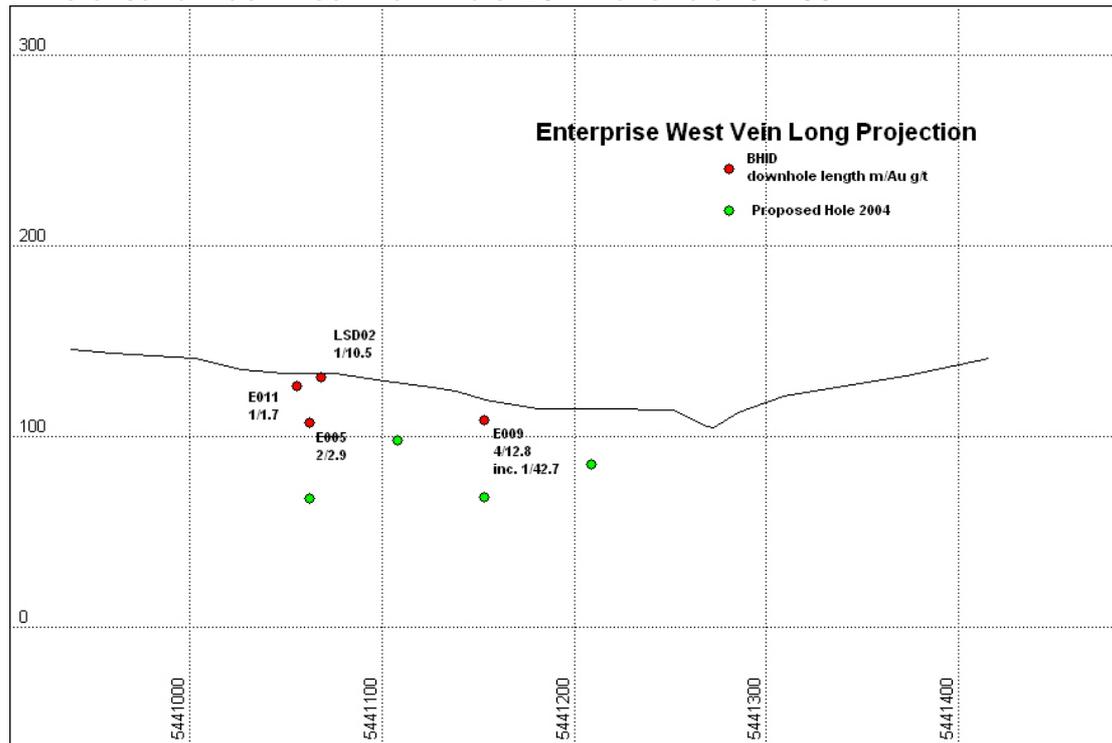


Figure 11. West Vein Proposed Drilling

6.2 Gold Crest

No drilling has ever been completed at Gold Crest and only one hole (LSD04) has been completed on nearby Virginia Ridge. Numerous high grade vein samples were returned from the old workings (see section 4.4). Au and As b-horizon soil anomalies are more or less continuous with the known mineralisation at Enterprise. Five diamond drillholes for 500m are planned to test the coincident Au-As soil anomaly (Virginia Ridge Zone). This first pass drilling may be followed up with resource definition drilling if significant mineralisation is delineated.

6.3 Potoroo

The potoroo prospect has good potential to host a bulk tonnage, low grade deposit. The scale and tenor of mineralisation is increasing to the west and remains open to the west. A prominent magnetic high is located just west of

the drilled zone. A program of exploration and delineation drilling involving a further 5 RC and/or diamond holes are proposed for a total of 500m.

6.4 Panama

A work program focussed on two well preserved adits and associated, shafts, winzes and stopes in the SW of the Panama Valley Mining Field is proposed. The adits were excavated between 1907-1920 and were known as Everett's tunnels. Several (Wilson – Symmonds Reef) NE-SSW striking, 85° NW dipping veins/ faults have been stoped and driven along in these adits. Veins/faults vary between, 10cm and 2m in width. Mineralised structures appear to have good lateral continuity with only minor late cross faulting.

A large tunnel excavated by the New Panama Co. is located 100m north and may access the same reefs or other parallel veins. A large quantity of mineralised quartz is located on mullock dumps at the entrance to the tunnel proving the presence of quartz reefs in the workings. Unfortunately the tunnel has collapsed so vein orientations and locations are not available. The Golden Pyramid workings are located further north in weathered granodiorite. These workings were apparently accessing quartz veining on the granodiorite-sediment contact. There is some mention of a N-S striking, quartz reef adjacent to Everett's tunnels and the New Panama Tunnel but little positive information is available.

A first pass work program consisting of trenching and subsequent drilling is recommended.

The drilling program consists of three fences of drill holes targeted on the well defined reefs located in and around Everett's Tunnels (Figures 3, 4, 5 and 6). Steep topography and the presence of archaeologically significant workings means care must be taken in accessing the site. An underground diamond drill rig powered by a diesel-hydraulic power pack is the preferred rig to allow flat holes to be drilled from small drill pads. This would minimise rig moves and provide good coverage (approximately 50 x30m) of the mineralised reefs. If an RC or surface diamond rig is used then more earthworks will be required. Table 1 outlines proposed drill locations, parameters and costs for a diamond program. The program is designed to give 36 potential intersections from 9 drill holes. An additional drill hole may be required to test the "quartz reef" (the poorly documented north striking vein) if results are encouraging from trenching programs.

Easting AMG	Northing AMG	Dip	Azm	Length	DDH (\$90/m)#	cost
523840	5440830	-60	150	90m	\$8,100	
523840	5440830	-40	150	70m	\$6,300	
523840	5440830	-20*	150	65m	\$5,850	
523875	5440855	-70	150	110m	\$9,900	
523875	5440855	-50	150	80m	\$7,200	
523875	5440855	-20*	150	65m	\$5,850	
523915	5440875	-60	150	120m	\$10,800	
523915	5440875	-20*	150	90m	\$8,100	
523915	5440875	0*	150	100m	\$9,000	
523840	5440910	-45	250	100m	\$9,000	
Total				890m	\$80100	

Table 7. Panama drilling program. (* shallow holes will require underground diamond rig. # estimated cost of diamond drilling program. Limited rig moves should keep costs lower.

Costs do not include assaying or personnel

A total of 150m of tracks will need to be constructed with associated drill pads & sumps (Figure 15).

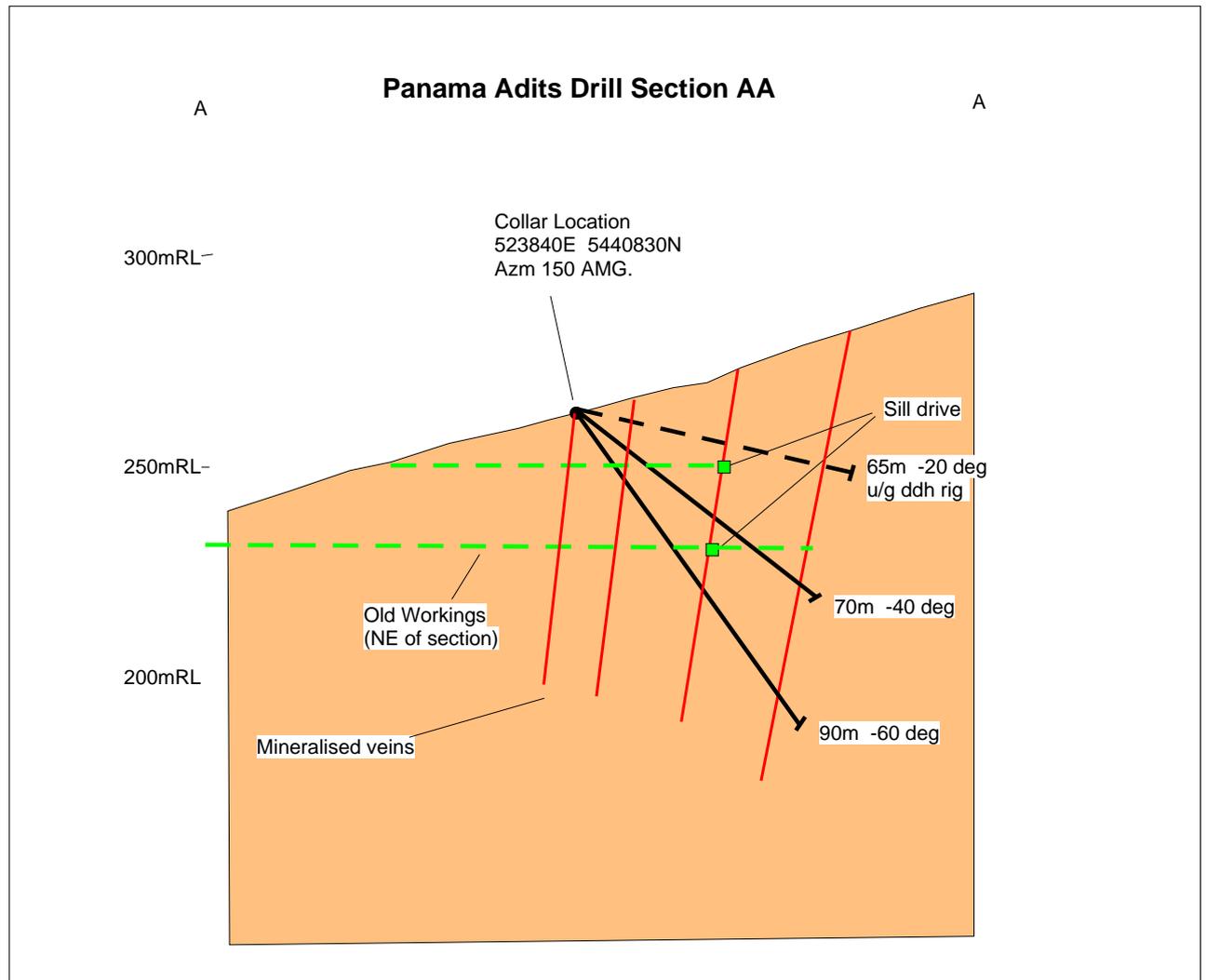


Figure 12. Panama Drill Section AA. (refer to drill plan for section location).

Due to the poor location of additional quartz reefs a trenching program is recommended around the New Panama Co and golden Pyramid workings (Figure 6). This program is design to give structural and grade information of mineralised reefs to optimise future drilling programs. Trenches have been designed to identify further NNE striking reefs similar to those in Everett's Tunnels (Trench 1 and 3) as well search for the "quartz reef" (Trench 2) and investigate the granodiorite-Mathinna Bed contact (Trench 4). A total of 350m of trenching is planned. Further trenching will be proposed for the Panama Field after location of old workings and investigation of auger sampling results. Trenching is expected to take about 3 days at a cost of \$3000. Some trenches may not be completed due to depth of colluvial fill, water ingress or the presence of old workings.

Access to the site utilising existing forestry tracks will create minimal environmental disturbance. All earth moving will only occur under the supervision of a TasGold employee to ensure there is no disturbance of archaeological sites. All earthmoving and drilling equipment will be washed down prior to mobilisation to minimise the threat of phytosphthora infection. Care will be taken to reduce contamination of

waterways and soil by hydrocarbons and siltation as outlined in Mineral Resources Tasmania's Mineral Exploration Code of Practice. All trenches and drill sites will be rehabilitated at the completion of the program. Undergrowth will be cleared prior to trenching to increase visibility and avoid disturbance of old workings. Tracks will not be constructed to trench sites to aid rehabilitation and minimise disturbance.

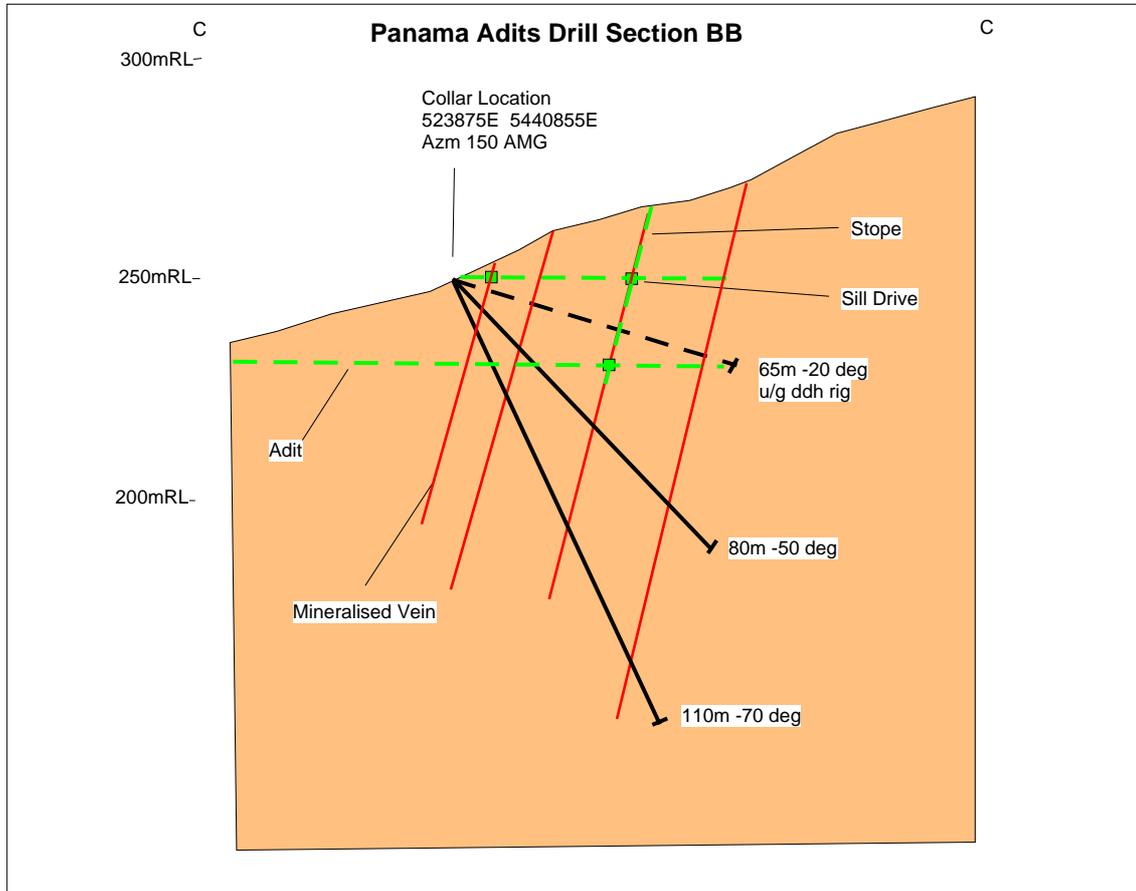


Figure 13. Panama drill section BB (refer to Figure 15 for section location).

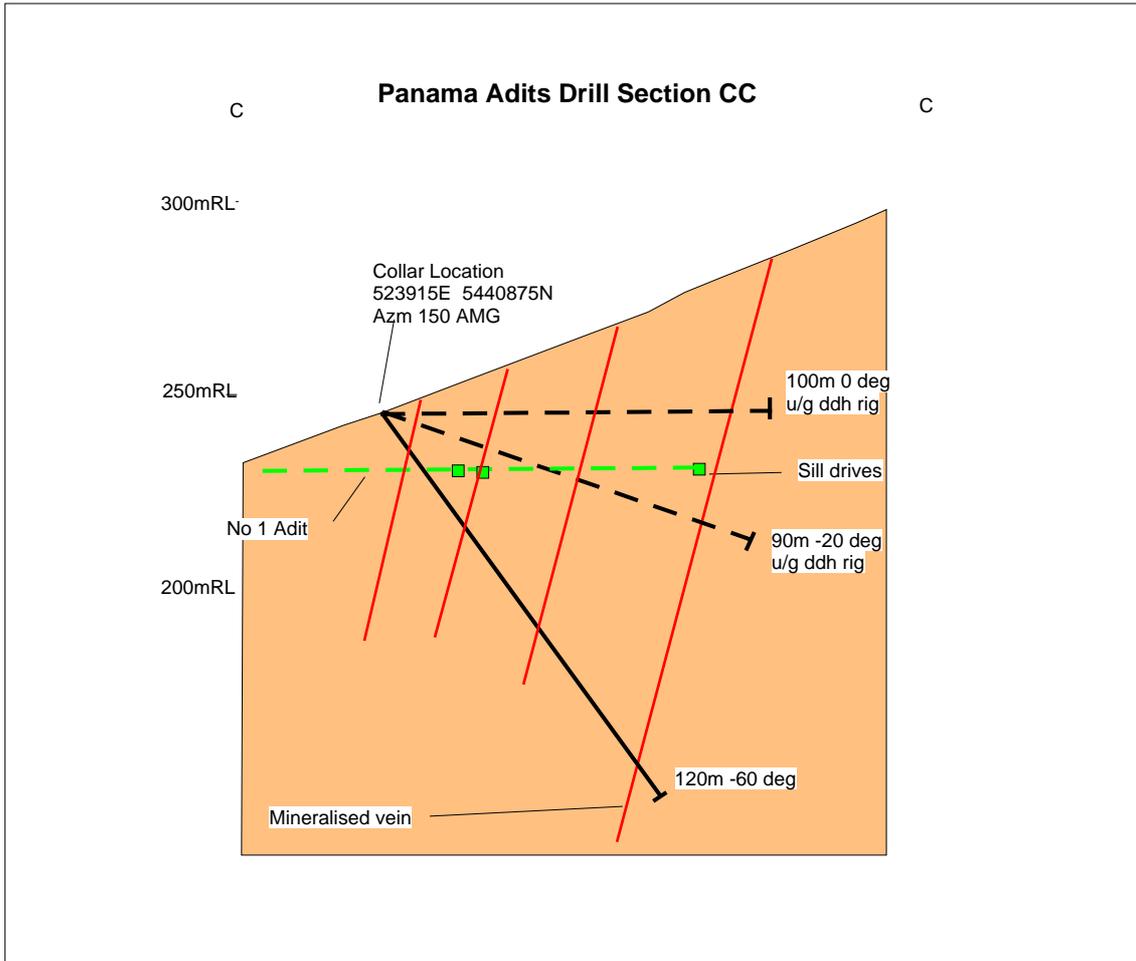


Figure 14. Panama drill section CC (refer to Figure 15 for section location).

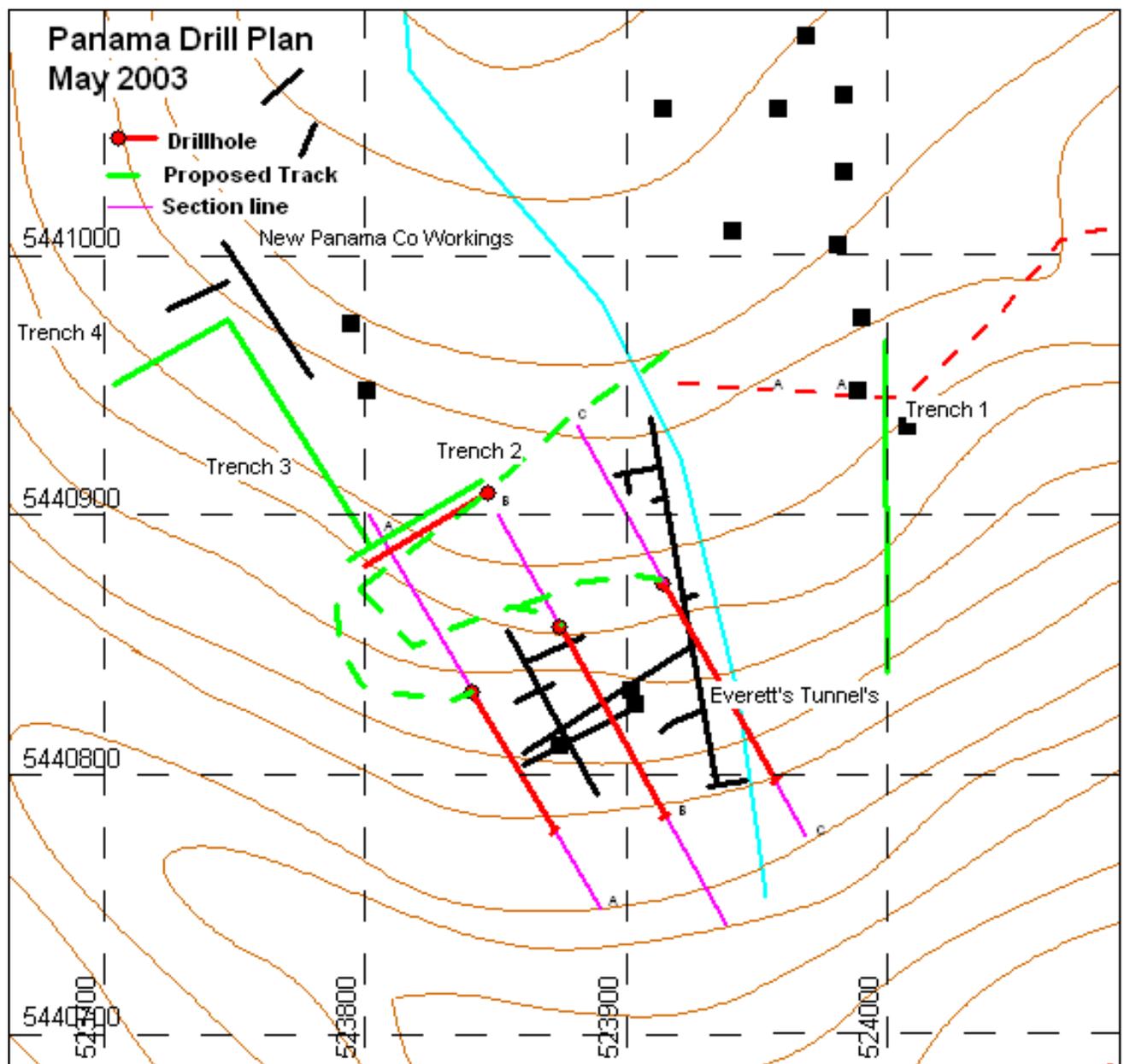


Figure 15. Panama Trench and Drill Plan, May 2003.

6.5 Bessell's

Roadside reconnaissance b horizon soil surveys identified a small coherent As anomaly in the NE of the Bessell's grid.

One 150m trench across the As soil anomalies is proposed for Bessell's (Figure 16). The trench can be accessed via logging tracks located in cleared pine plantation. Inspection and sampling of road cuttings may substitute some areas of trenching. If significant results are returned, three RC drill holes for a total of 300m may be completed on the road side.

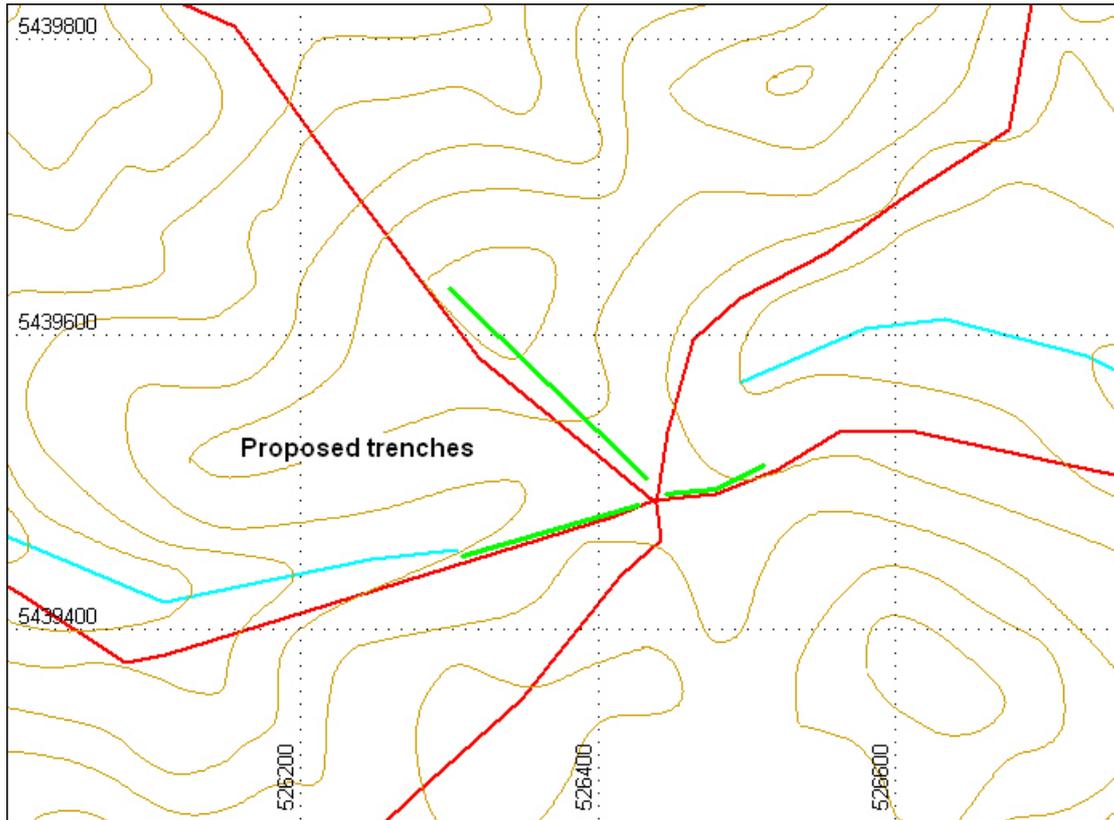


Figure 16. Bessell's work program.

TasGold plan to complete a proposed drilling program consisting of 2850m of RC and diamond drilling from 33 holes. Further infill drilling of significant resources may proceed as results come to hand.

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Appendix 1

Aeromagnetic Images and Interpretation

Bruce Craven

Appendix 2

Trench Assay Results

Potoroo Trench 1, samples

Spl Id	From	To	Au_ppm	AuR_ppm	As_ppm	Ag_ppm
561001	0	4	<0.01		29	3
561002	4	8	<0.01		35	1
561003	8	12	<0.01		68	<1
561004	12	16	0.06		31	<1
561005	16	20	<0.01	<0.01	48	<1
561006	20	24	<0.01		120	<1
561007	24	28	<0.01		43	<1
561008	28	32	0.04		260	<1
561009	32	34	0.07		110	<1
561010	34	36	0.03		130	<1
561011	36	38	0.07		380	<1
561012	38	40	0.11		450	<1
561013	40	42	0.05		670	<1
561014	42	44	0.08		290	<1
561015	44	46	0.09		280	<1
561016	46	48	0.04		260	<1
561017	48	50	0.15		1150	<1
561018	50	52	0.14		1410	<1
561019	52	56	0.04	0.03	130	<1
561020	56	60	0.05		100	<1
561021	60	64	0.06		89	<1
561022	64	68	0.05		140	<1
561023	68	72	0.04		67	<1
561024	72	76	0.10		81	<1
561025	76	80	0.06		61	<1
561027	80	84	0.05		64	<1
561028	84	88	0.09		160	<1
561029	88	92	0.17		140	<1
561030	92	94	0.11		360	<1
561031	94	96	0.13		460	<1
561032	96	98	0.07		150	<1
561033	98	102	0.07		100	<1
561034	102	106	0.07		74	<1
561035	106	110	0.08		77	<1
561036	110	114	0.08		82	<1
561037	114	118	<0.01		220	<1
561038	38.1		0.16		760	<1
561039	39.5		0.23		640	<1
561040	41.5	46.5	0.29		1380	<1

Junction Star Trench 1, samples

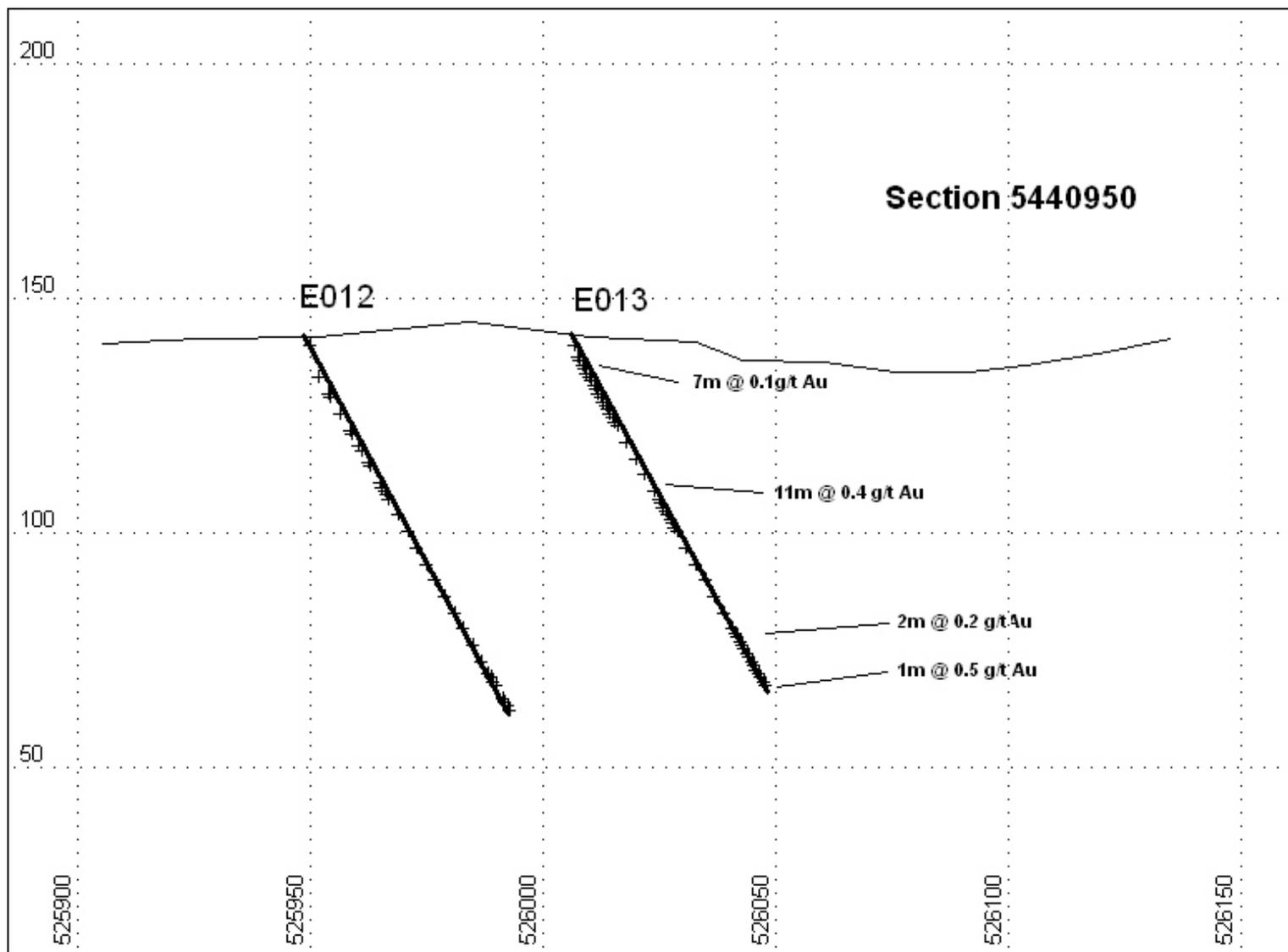
Spl Id	From	To	Au_ppm	Au_Rppm	As_ppm	Ag_ppm
561041	0	4	0.11		460	<1
561042	4	8	0.14	0.08	350	<1
561043	8	12	0.08		340	<1
561044	12	16	0.08		450	<1
561045	16	20	0.15		800	<1
561046	20	24	0.19		340	<1
561047	24	26	0.16		410	<1
561048	26	28	0.09		160	<1
561049	28	30	0.23		300	<1
561050	30	32	0.18		160	<1
561051	32	34	0.22		85	<1
561052	34	36	0.20	0.09	99	<1
561053	36	38	0.08		250	<1
561054	49	50	0.03		150	2
561055	50	52	0.09		680	<1
561056	52	54	0.05		390	<1
561057	54	56	0.07		440	<1
561058	56	58	0.01		370	<1
561059	58	60	0.00		380	<1
561060	60	64	<0.01		120	<1
561061	64	68	0.01		150	<1
561062	68	72	0.02		550	<1
561063	72	76	0.01		260	<1
561064	76	80	<0.01		270	<1
561065	80	84	0.02		100	<1
561066	84	88	0.01		150	<1
561067	88	92	0.02		420	<1
561068	92	96	0.05		190	<1
561069	96	100	0.02		190	<1
561070	100	103	0.02		380	<1

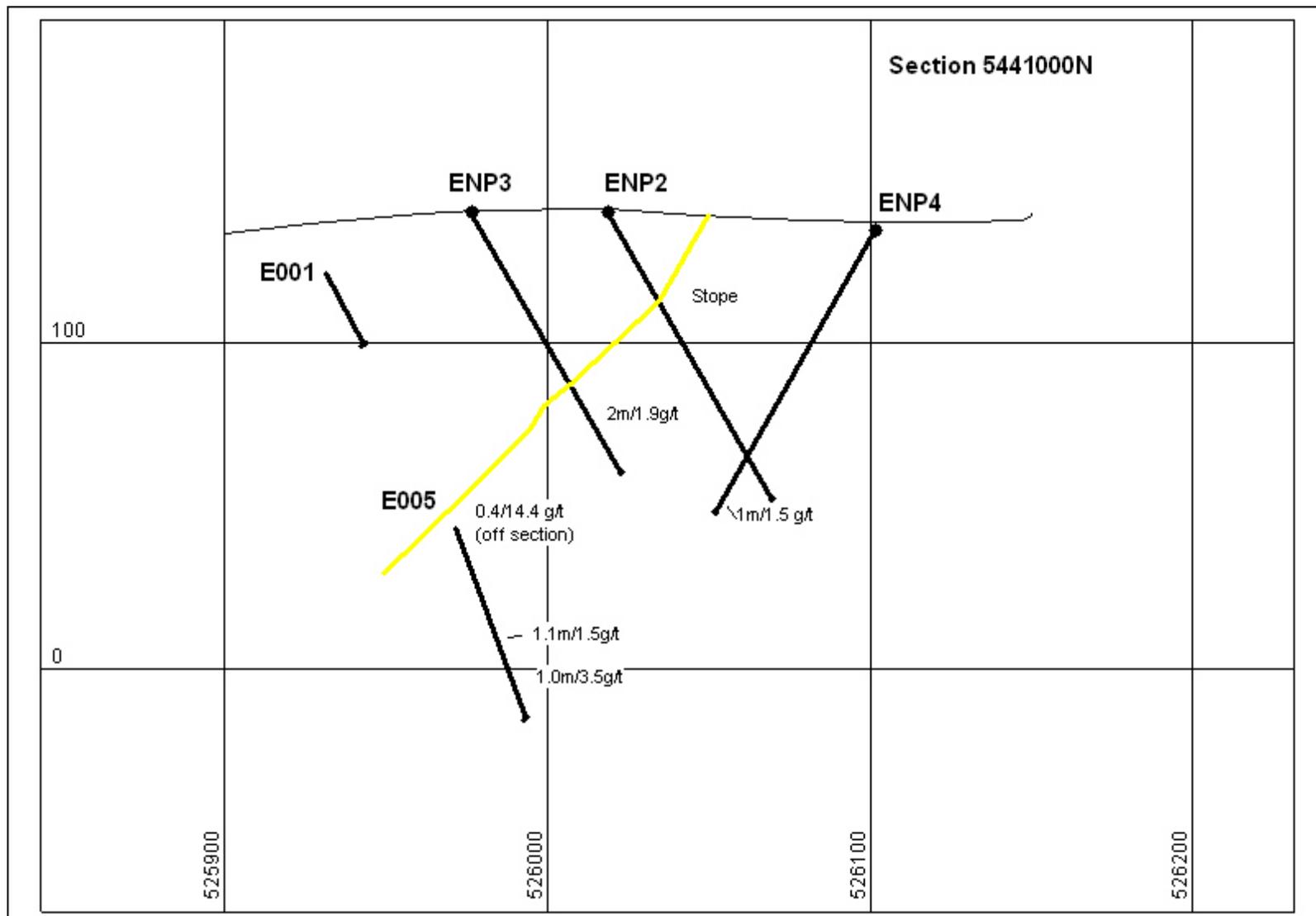
Appendix 3

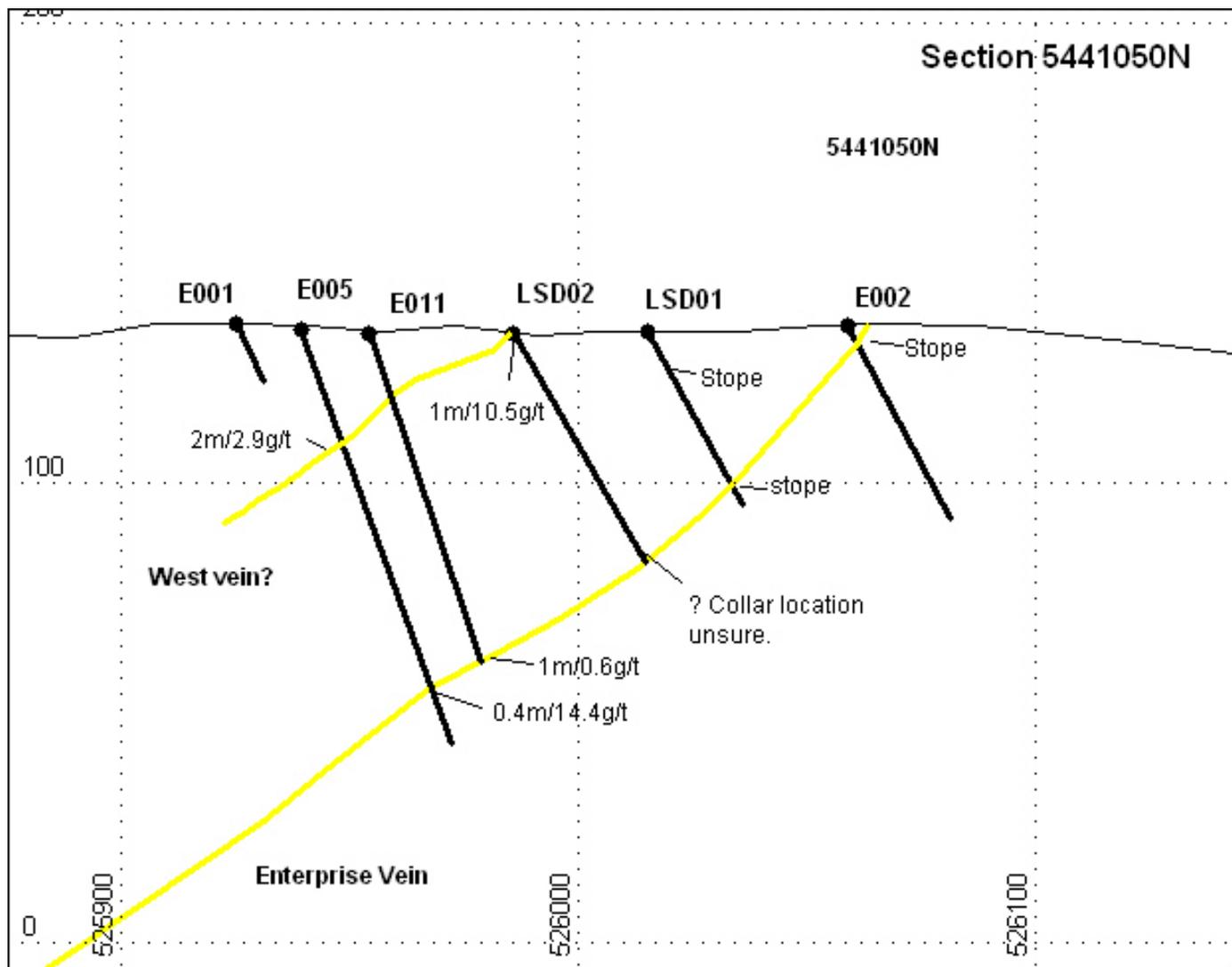
Drill logs

Appendix 4

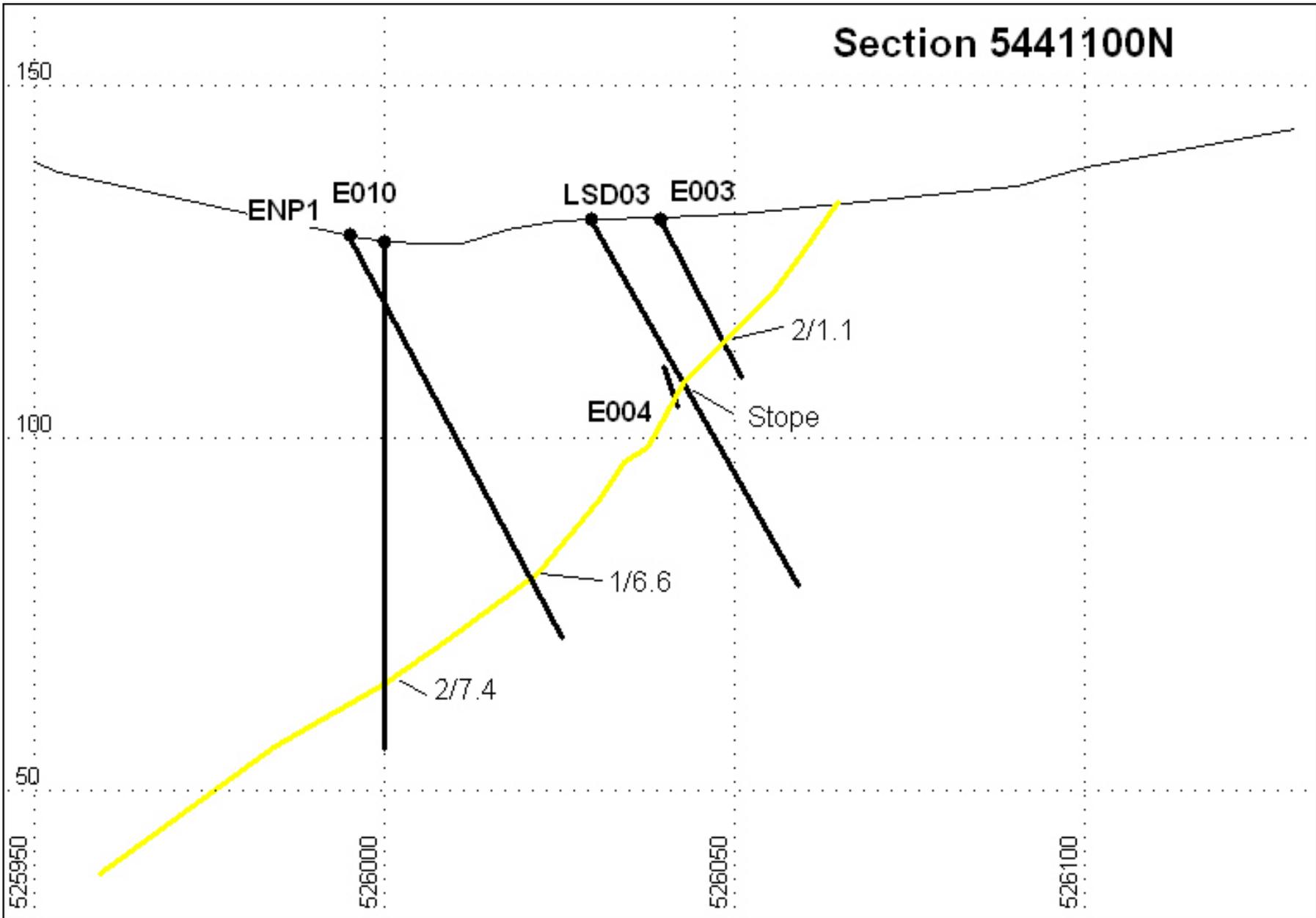
Enterprise Sections

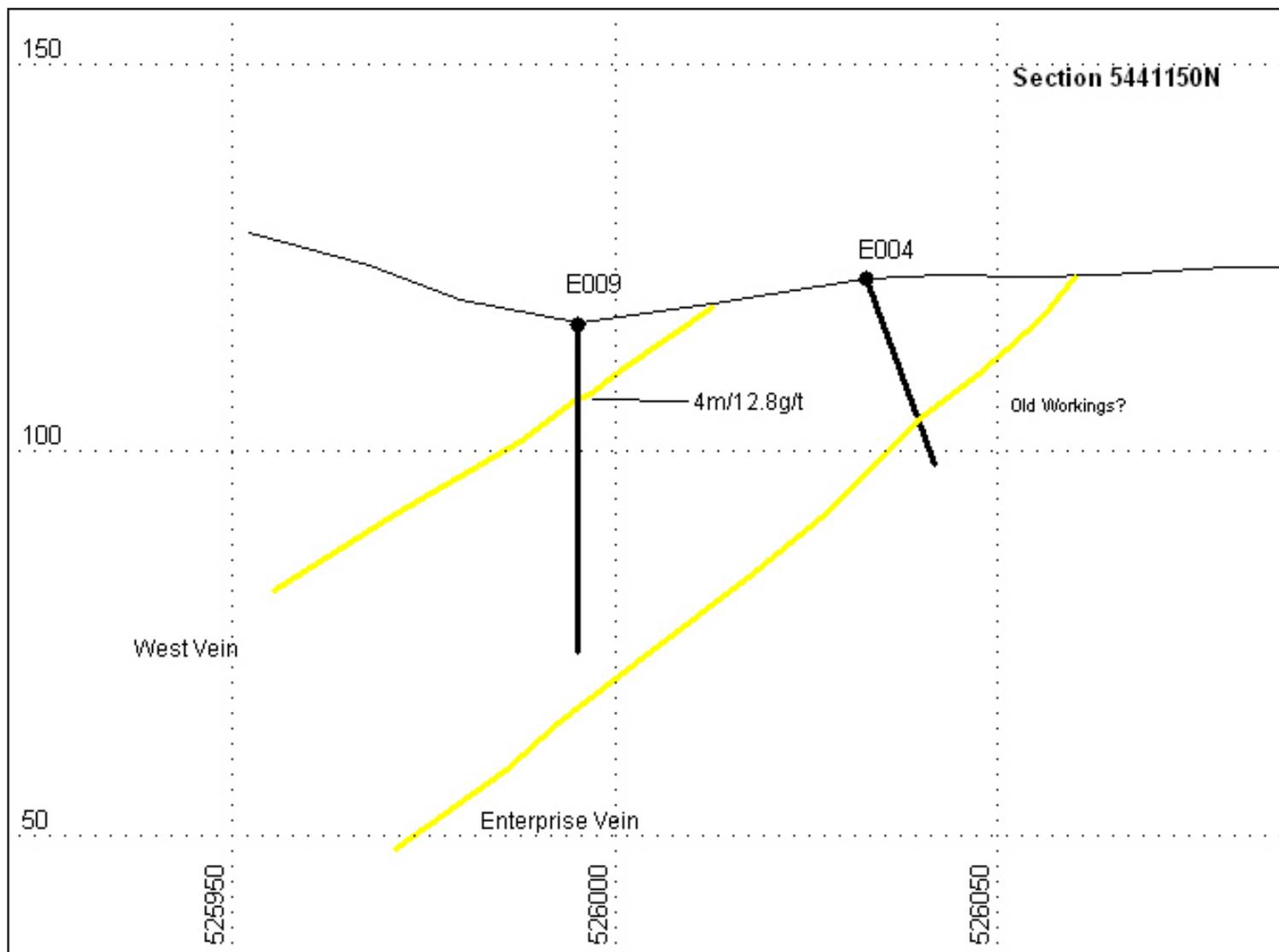


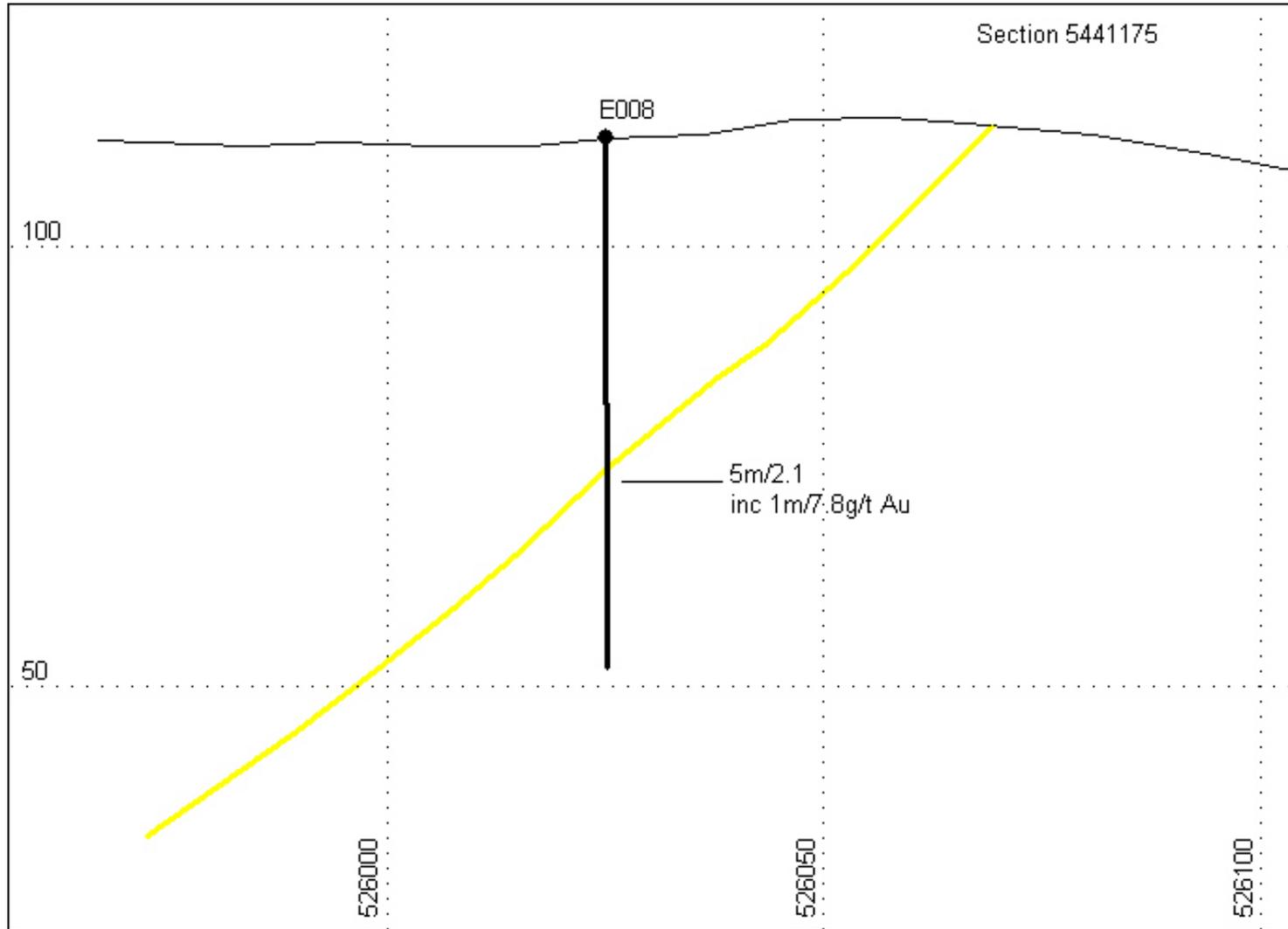




Section 5441100N







Section 5441225

E007

100

50

9m/0.8g/t
inc 2m/2.4g/t

526000

526050

