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## **EL21/99 – Elliot Bay**

### **Annual Report to January 27 2005.**

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Coordinates are AMG in AGD66 Zone 55

## Summary

The Annual Report for EL21/99 provides details TasGold's exploration progress for the end of 2004's field program (from 27/1/2004). No work has been undertaken during the current 2005 field season. Results from exploration on EL21/1999 were reported in last years combined annual report for EL20/1996 and EL21/1999 (Callaghan, 2004).

One drill hole (NW001) for 54.8m was drilled east of the V33 prospect during the 2004 summer field season. The hole was designed to test a strong magnetic anomaly under the Waterloo Creek Group unconformity in what was thought to be the northerly extension of the Wart Hill (V19) host horizon. The hole intersected quartz-hornblende and feldspar hornblende porphyries with hematite-magnetite veining. No further work is recommended for this prospect.

Surveys were undertaken by independent consultants in accordance with the requirements of the MEWG (Mineral Exploration Working Group) to satisfy environmental concerns relating to exploration work within the EL.

## Introduction

The following report details the limited work undertaken during TasGold Ltd.'s exploration within EL21/1999. This report is a compilation of data and results from the 2004 field season. No work has been undertaken during the current field season, since TasGold's efforts have been firmly focused upon resource definition at V19 in EL20/1996. Exploration in the Elliott Bay area was ongoing at the time of writing.

### ***Location/Access/Weather***

EL 21/99 is located in the remote southwest of Tasmania (see Figure 1) around 40 kilometres west of Strathgordon and 70 kilometres south of Strahan. Access to the area is difficult as infrastructure is minimal to non-existent. The southwest of Tasmania is exposed to the roaring forties and is often windy and wet even in mid-summer.

A rough 4WD track (Low Rocky Pt Track) runs from the southern end of Birch Inlet (south-eastern corner of Macquarie Harbour) to the unmanned lighthouse at Low Rocky Point. The track was initially constructed by Exploration companies in the 1950's and 1960's but has been rarely used since. The need to barge heavy equipment across Macquarie Harbour to access the track has occurred successfully in the past. Previous exploration has seen bombardiers, excavators and drilling rigs (L38's) unloaded and driven down to the Elliott Bay area. 4WD bike and motorbike enthusiasts occasionally use the track.

The alternative access is by air. The Moores Valley airstrip (10 kilometres north of Mt Osmund) was constructed in the 1950's and is serviceable by light aircraft.

Previous exploration campaigns have accessed the area by helicopter and light plane either from Strathgordon or Strahan. Large equipment has been transported down the coast by boat or barge and airlifted from the deck whilst the boat/barge is sheltered in

the mouth of the Mainwaring River or Cowrie Beach. TasGold's 2004 exploration campaign was mobilised in this manner.

A semi-permanent camp is located just south of Wart Hill. The Camp was first constructed by Geopeko Ltd. and is currently managed by Mineral Resources Tasmania. This facility was re-established by TasGold Ltd after it was vandalised and burned in 2003.

TasGold mobilisation for the 2005 summer drilling campaign commenced on 10/1/2005. Equipment and supplies were loaded in Hobart on the Hobart Ports barge "Kalundra" and unloaded inside the Lewis River mouth. The barge doors were lowered directly onto a sloping point, enabling egress for 4 quad bikes, 2 crawler dumpers, a trailer and an excavator. All other gear, including the company owned and operated drill rig, was sling loaded from the barge to camp and the Wart Hill drill site.

The crawler dumpers (one with 2.5tonne crane) and trailer were utilised for moving the drill rig between sites. The idea being to minimise the number of trips required, whilst significantly reducing helicopter expense. Quad bikes and trailers were used for personnel transport from camp to the drill sites. Vehicle movements were restricted to previously formed bombardier tracks as much as possible, with the rough main base line track from the camp to Wart Hill being improved for safety with the excavator. The excavator was utilised for drill pad and sump construction, as well as ongoing drill site rehabilitation and track drainage maintenance. Most rig sites were located within 200m of formed tracks minimising environmental disturbance.

TasGold's exploration this reporting year was conducted during the periods March through May 2004 and January through March 2005 (on going). A continuous presence has been maintained during those periods with weekly crew changes and supply runs via helicopter. The company owned and operated drill rig is operated 24 hours a day (2 shifts) with drillers and offsidiers on a 2 week on, 1 week off roster. Geologists and field hands have typically rotated on a 2 in / 2 out roster.

### ***Land Status/Usage***

Much of the southwest of Tasmania is listed as a World Heritage Area and the land tenure is classified as National Park. However the strip of land between Elliott Bay in the south and the southern shore of Macquarie Harbour to the north has been deliberately excluded from the World Heritage Area on the basis of its prospectivity (and lesser wilderness values).

The Elliott Bay area remains classified as Conservation Area and as such is open to mineral exploration. Tasmanian Government proclaimed the prospective rocks south of Macquarie Harbour to be within the Sorell Peninsula Prospectivity Zone, a recognition of the mineral potential of the area. Under this act any change in the status of the land within the zone requires the approval of both houses of the Tasmanian parliament with any affected party entitled to compensation (this does not cover any decisions of the Federal government).

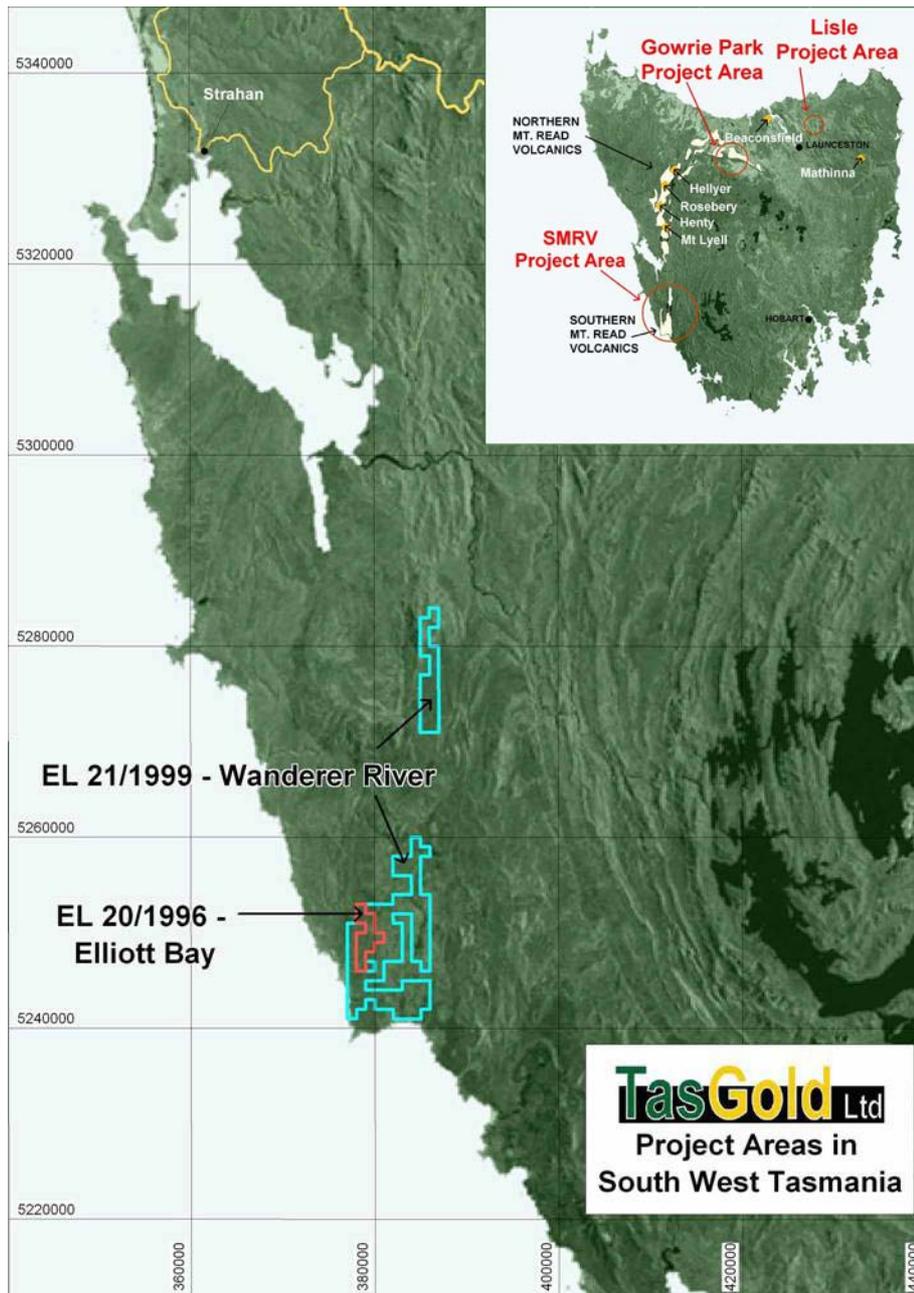


Figure 1: Location of EL20/1996

### ***Environmental Concerns***

TasGold was required to undertake several environment surveys to comply with the requirements of the MEWG (Mineral Exploration Working Group). Orange bellied parrot and wedge tailed eagle surveys were conducted by independent consultants from 28/12/2004 to 3/1/2005, primarily investigating areas of planned exploration activity on the adjacent EL20/96. The results of the Aboriginal heritage survey by independent consultants (from 19/12/2004 to 22/12/2004) investigating the proposed Lewis River landing and route to the Wart Hill Camp are most pertinent to EL21/1999 access. Results of these surveys are appended (Appendix 1).

## **Tenure**

EL21/99 was granted to Exploration & Management Consultants Pty Ltd and McNeil Associates Pty Ltd on 26 January 2001. TasGold acquired a 90% interest in this and the adjoining EL20/96 from Exploration & Management Consultants Pty Ltd and McNeil Associates Pty Ltd. The vendors retain a 10% free carried interest in the tenement to completion of a bankable feasibility study. The location of the licences is shown in Figure 1. Presently, TasGold Ltd. are the sole tenement holders in the Elliott Bay Region.

## **Work Completed**

TasGold's work on EL21/1999 during the current and end of 2004's field season entailing drilling one hole (NW001) for 55.8m at North Wart, located immediately east of V33. No significant results were returned (see Appendix 2). A significant soil sampling program was planned for the V9 area, however other priorities and time constraints meant that this work was not undertaken.

The following is extracted from last year's combined annual report on exploration for EL's 20/1996 and 21/1999 (Callaghan, 2004).

### **V33 (North Wart)**

"The V33 (North Wart) Prospect was defined by Geopeko after gridding to the north of Wart Hill (V19) while following up anomalous stream geochemistry including significant panned concentrate Au (Wilson *et al*, 1982).

The central zone of the prospect consists of rhyolitic volcanoclastics and quartz-biotite porphyritic lavas (Figure 2). Unconformably overlying the prospect to the east is the Waterloo Creek Group. The Wart Hill (V19) host horizon extends underneath the unconformity just to the south of the V33 area. The V19 mass flow horizon has a moderate magnetic response that appears to intensify locally beneath the unconformity to the north (Figure 3). It was considered that the strong magnetic signature could be associated with volcanogenic mineralisation associated with the Wart Hill (V19) horizon beneath the unconformity. Alternatively the strong magnetic susceptibility may be due to increased detrital magnetite at the base of the unconformity. The unconformity is deformed into a complex syncline with a few middle order faults transecting it. This fold may be in response to increased phyllosilicate alteration in the underlying volcanics. The Hellyer and Que River massive sulphide deposits are similarly located in local anticlines and synclines. A strong coincident Pb and Zn soil anomaly lies within the quartz-biotite porphyry immediately west of the magnetic anomaly within the axis of the syncline.

The west of the prospect is dominated by siliciclastic and volcanoclastic sediments of the Western Sequence which is truncated by the major NNE trending Copper Creek Fault. Follow up work on a strong basemetal anomaly in the western sequence culminated in the drilling of two holes on soil and IP anomalies alongside the Copper Creek Fault. A costean across the mineralisation returned 8m at 1.1% Pb, 0.32% Zn, 96 g/t Ag and 0.35 g/t Au. Mineralisation consisted of fine galena-sphalerite-pyrite veins and disseminations in a silicified breccia. Subsequent drilling of two holes returned low grade mineralisation from the same style of mineralisation. No further work is recommended for this part of the prospect at present.

Two speculative drill holes were proposed for the central and eastern parts of the prospect. One was designed to test the Pb-Zn horizon in the centre of the syncline.

Rock chip geochemistry from pits dug on similarly anomalous volcanics just west of the proposed hole were weakly anomalous although no visible sulphides were evident. The second was based on a conceptual model designed to test the magnetic anomaly lying beneath the unconformity along the strike of the Wart Hill (V19) host horizon. There is a one point Zn anomaly along strike to the south of the proposed target beside the magnetic anomaly. Time constraints only allowed the second of these two lower priority drillholes to be completed.

Drill hole NW001 intersected a mixed intrusive complex of quartz-biotite porphyry and hornblende-phyric andesite with minor andesitic volcaniclastic sandstones. The andesite porphyry contained small veins of hematite and magnetite. These were considered to be responsible for the magnetic anomaly so the hole was terminated at 54.6m. The hole had not intersected the Wart Hill (V19) host horizon and the proximity of the unconformity reduced the likely hood of the hole intersecting any significant alteration.”

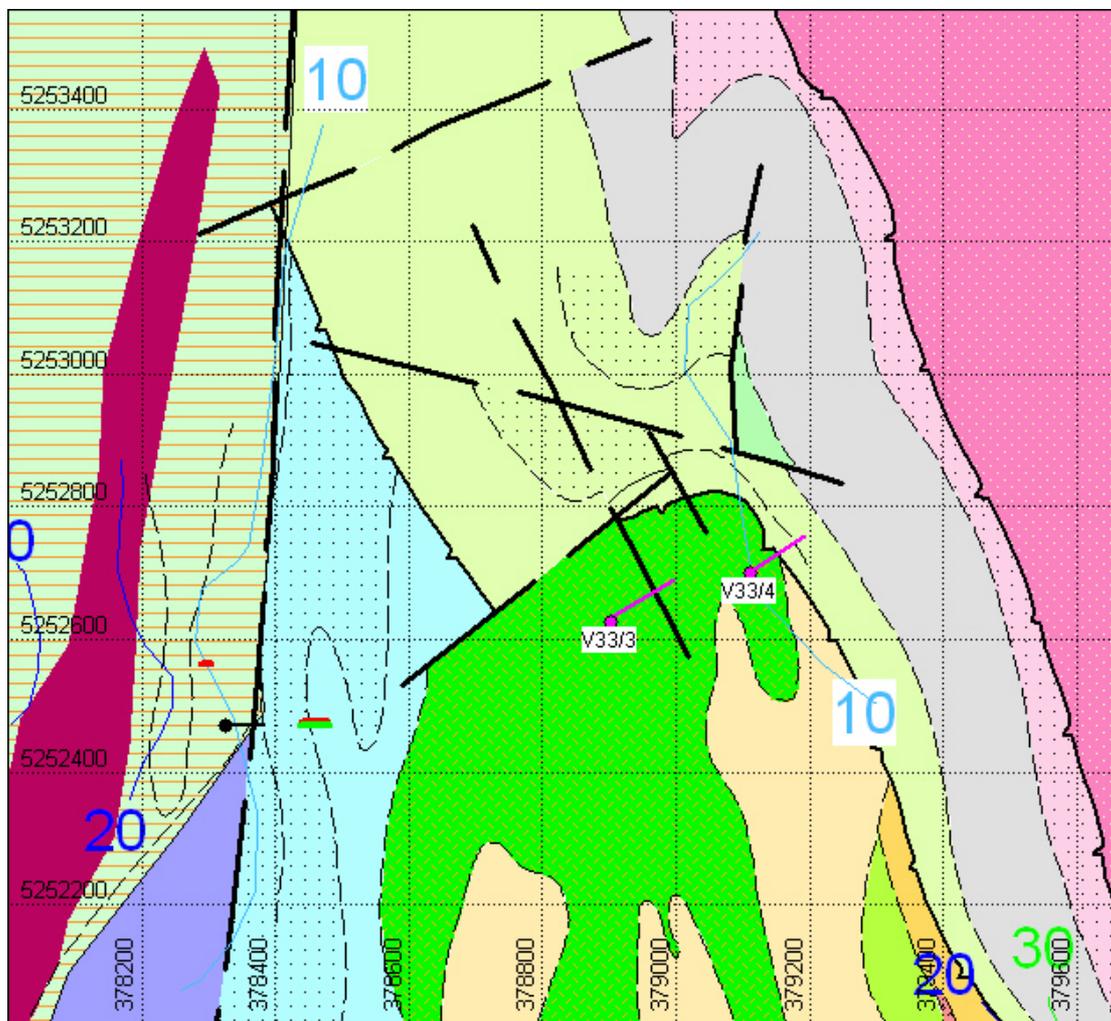


Figure 2: Geology of the North Wart (V33) area, showing 2004's proposed drill holes (V33/4 = NW001).



Legend for Figure 2.

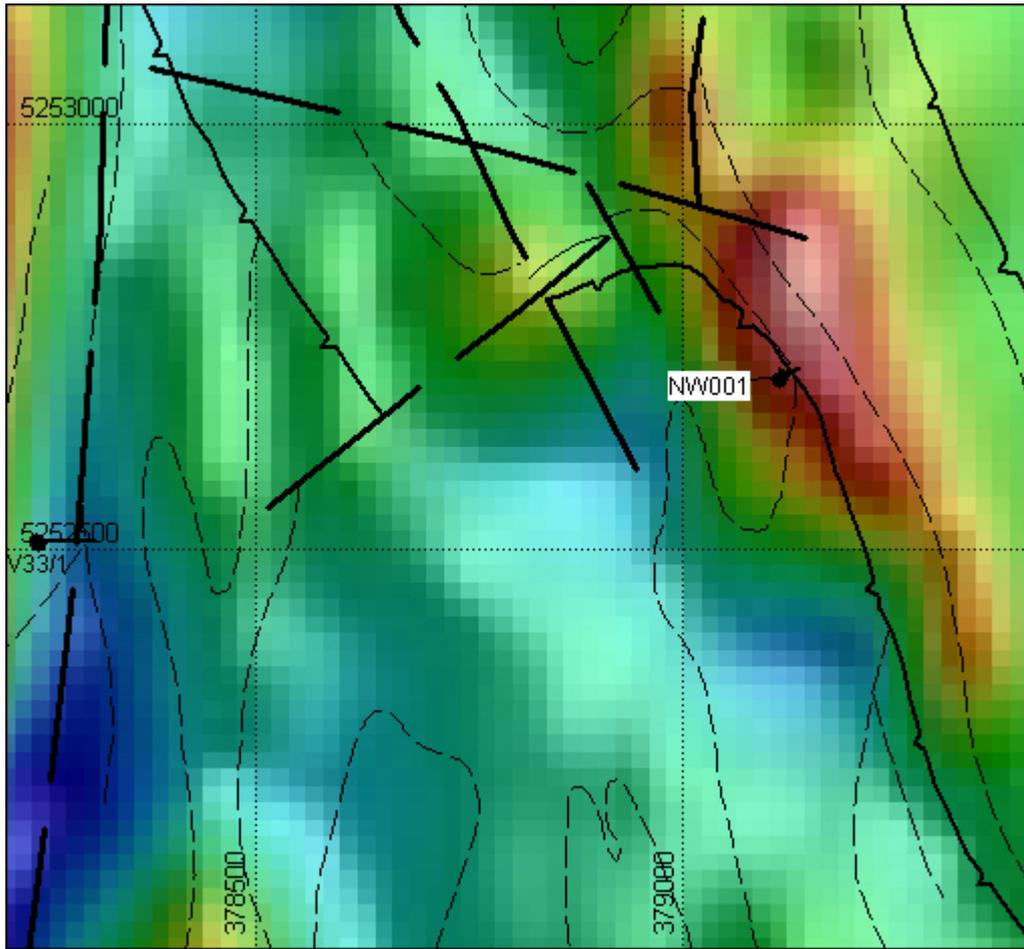


Figure 3. North Wart, First vertical derivative magnetic image, geology outlines and drillhole.

## **Proposed Exploration**

The mineralisation potential of EL21/1999 is currently under review and work will be undertaken where prioritised. Zinc in soils anomalism remains untested adjacent to drill hole NW001 (Figure 4) and may be tested during the coming reporting year.

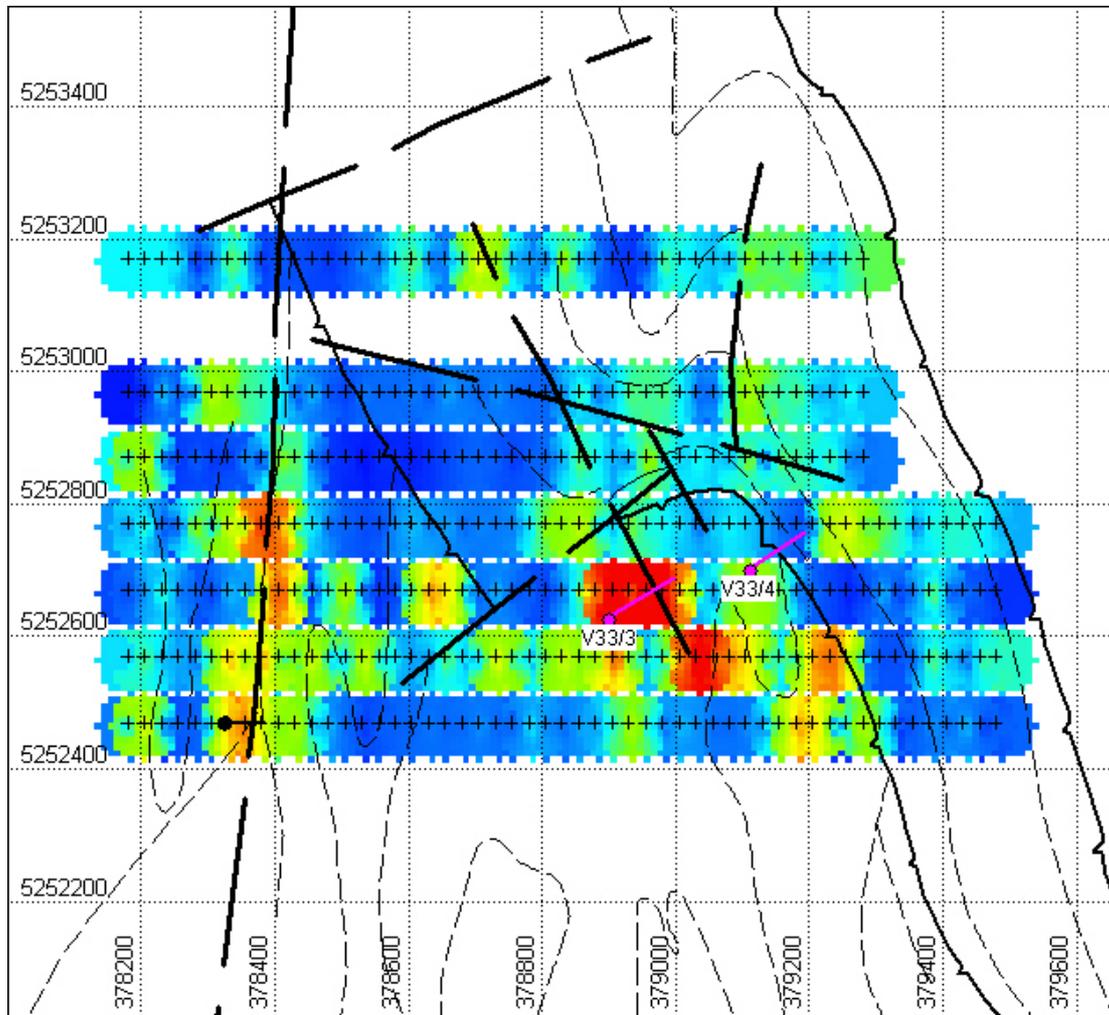


Figure 4: Potential drill target North Wart (V33).

## **References**

- Callaghan, T., 2004. TasGold Annual Report on Exploration EL20/96 – Elliot Bay: Annual Report to March 31 2004.
- Wilson, P A, Moore, D, Sumpton J D H, Pemberton, J, and Perring, R. 1982. Progress Report EL 27/76 Elliott Bay, 1981/82 field season. Geopeko Ltd.

# Appendices

## ***Appendix 1: Environmental Survey Reports***

***Appendix 2: Drill Hole Log – NW001***

## ***Appendix 3: Digital Data***

List of appended digital data files:-

EL211999\_200501\_01\_Digital\_Files  
EL211999\_200501\_02\_Report  
EL211999\_200501\_03\_Aboriginal Heritage Survey  
EL211999\_200501\_04\_Parrot and Eagle Survey  
EL211999\_200501\_05\_NW001\_drilllog  
EL211999\_200501\_06\_Analysis\_Report\_Bu019768