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EL29/2003 – Gowrie Park

Annual Report to December 23 2004.

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Summary

During 2004, TasGold Ltd. has targeted gold and base metal mineralisation in the Narrawa Creek area, within part of the intrusion-related gold prospective Dolcoath Granite aureole. 10 diamond drill holes for 612m were completed with some very positive results. A ground magnetics survey and limited geological mapping complimented drill planning.

The Higgs Gold Mine inferred resource was infilled by drill hole NC22 returning 14m @0.98g/t Au, 92g/t Ag, 6.82% Pb, 4.37% Zn, 0.08% Cu from 48m. A further drill hole NC27 finished in 4m @10.47g/t Au from 42m leaving the inferred resource open to the south east and indicating good potential to substantially increase the resource. A poor correlation between Au and base-metals combined with the observed continuation of Au mineralisation outside the base metal rich portion of the Higgs inferred resource area provides confidence for drilling Au only targets in the Narrawa Creek area. Further work is warranted to expand the Higgs resource and follow up a poorly tested gold in soil anomaly near drill hole NC4 (returning 6.9m @1.07g/t Au), east of Higgs.

The remainder of the area also has excellent untested potential. TasGold plan to aggressively pursue exploration within EL29/2003 via drilling known targets with resource potential (Higgs and Stormont) and GIS focused regional target/prospect mapping, rock chip and soil sampling.

Introduction

This report presents data generated from two exploration drilling programs by TasGold Ltd's on EL29/2003 during the period 9/9/2003 to 23/12/2004. The submission of this report was delayed beyond the annual submission date of 9th September, since active exploration was underway at that date and an extension for submission allows for all data to be presented. Data assessment, compilation and exploration program development is ongoing, preceding renewed drilling and field work in August, 2005. Greater detail pertaining to local geology, structure and mineralisation models is to be presented in subsequent reports.

TasGold's exploration program has focused upon resource definition at the Higgs Gold Mine and surrounding Narrawa Creek area, where Jervois (2003) defined an inferred resource of 215,000 tonnes at 3.5 g/t Au, 1.5% Pb, 1.3% Zn and 23g/t Ag. Interpretation work is ongoing, with planning underway for re-commencement of resource drilling in the near future.

Little exploration has been undertaken in the surrounding EL, however evaluation of the Stormont Au-Bi resource and whole exploration license potential is underway. The Stormont Deposit is reported to contain 135,000 tonnes of 3.44 g/t Au and 0.21% Bi (Jervois, 2003).

Location, Access and Land Use

EL 29/2003 is located in the central north of Tasmania (see Figure 1), south of Sheffield. Access to the area is via a network of all weather tracks. The terrain is rugged and forested, but accessible via sealed roads and numerous all-weather 4-wheel drive tracks.

The western portion of EL29/2003 is predominantly Crown Land. It includes State Forest, Multiple Use Forest Land, RFA – Informal Reserves, Land Vested in the HEC and a small amount of Private Property. The latter is more common in the eastern portion of the EL.

Exploration tracks were constructed with an excavator, following approval granted by the MEWG (Mineral Exploration Working Group). The excavator was also utilised for drill rig shifts, drill pad and sump construction, as well as ongoing drill site rehabilitation and track drainage maintenance. A crawler dumper with 2.5tonne crane was utilised toward the end of the 2004 field season for rig shifts. A quad bike and trailer was also used for moving equipment.

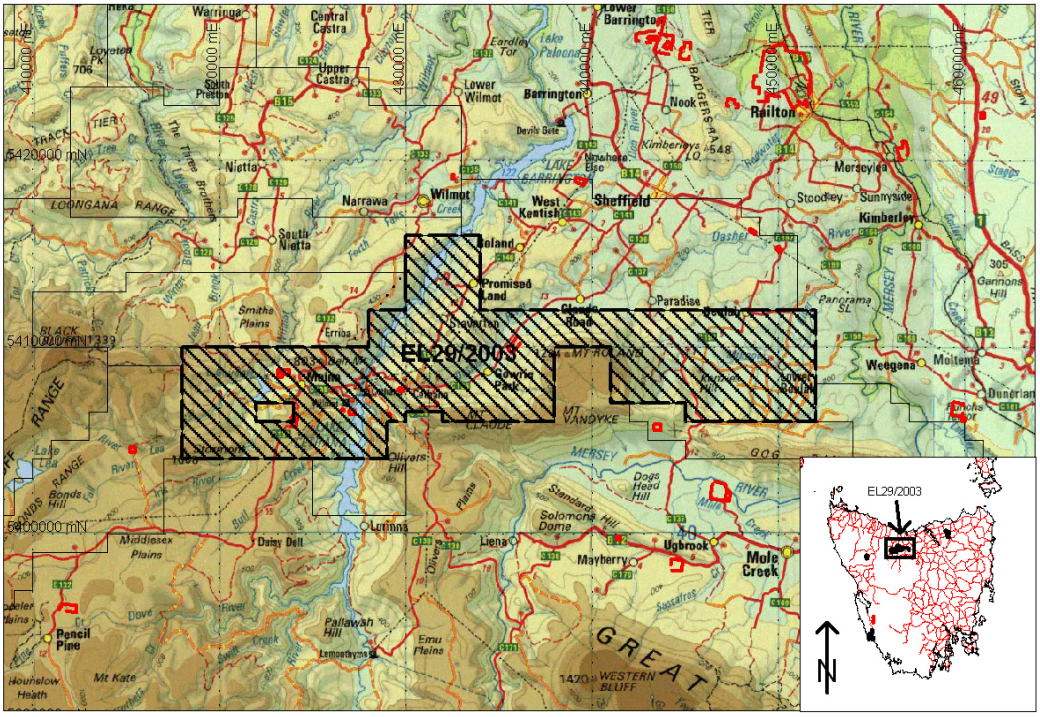


Figure 1: Location of EL29/2003

Tenure

EL21/99 was granted to TasGold following a successful ERA tender in 2003. The Retention Licence 8810, held by Anglogold and Rio Tinto over the Moina fluorite deposit, is excluded near the centre of the western portion of the EL.

Regional Geology

A good summary of the regional geology is given in Purvis (2000) and an early comprehensive account is provided by Jennings' (1963) report on the Middlesex inch to a mile map sheet. More recently the WTRMP (Western Tasmanian Minerals Program; Morrison et. al., 2003) highlight the exploration potential for intrusion related gold related to the Devonian aged Dolcoath Granite, intruding Cambrian Mount Read Volcanics and Denison Group correlates. Parts of the EL are covered by a thin veneer of Tertiary basalt and associated detritus.

The Bond Range Porphyry equivalents and the undifferentiated Bull Creek Volcanics, form limited outcrop within the EL boundaries. These rock types are equivalent to the Cambrian Mt Read Volcanics and probably underlie the Ordovician sequence over much of the EL.

EL29/2003 encompasses large areas of Late Cambrian to Ordovician age sedimentary rocks (Denison Group) which Jennings (1963) defined as Roland Conglomerate overlain by Moina Sandstone, both having a true thicknesses of approximately 270m, inturn overlain by Gordon Limestone of 1000m thickness. The contacts between these units are believed to be transitional and conformable.

The Late Cambrian Roland Conglomerate is the basal unit, comprising dense recrystallised quartz-quartzite-schist bearing clast supported conglomerate and sandstone. The Roland conglomerate is usually pink (haematitic) or white and whilst predominantly coarse, some sandy lenses are evident. Basal beds commonly contain Cambrian volcanic clasts and the unit thins to the south, possibly indicating the basin received much of its input from the Pre-Cambrian craton. Fining upwards is relatively common and repeats of similar strata probably indicate repeated uplift at the time of deposition. In the vicinity of the Dolcoath Granite, the Roland Conglomerate is almost wholly recrystallised and forms a dense silicified quartzite appearing rock with ghosted clast outlines (Jennings, 1963).

The overlying upward continuation of the Roland Conglomerate is the Moina Sandstone, typically comprising fine grained marine sandstone, quartzite, shale and conglomerate. Lithologies in the Higgs - Narrawa Reward area are considered to represent the upper transitional units, located beneath the Gordon Group limestones and host to the Narrawa Reward and Higgs prospects. Gordon Limestone, overlying the Moina Sandstone, comprises stylolitic limestones with limited shale beds.

The Devonian-aged Dolcoath Granite is an oxidised crystal fractionated I-type granite intruding the Mount Read Volcanics and Ordovician Denison Group as a small 4km^2 wide stock with significant sub surface extent, described by Morrison (et. al., 2003) as covering an area of ~50km^2 where the granite is <500m below the surface. This granite spine forms an east-west elongate body, extending west of the main granite outcrop in the Forth River valley. The granite is mostly a medium to coarse grained alkali-feldspar I type granite with extensively greisenised margins. Devonian porphyry dykes are evident in drill core as medium grained quartz-biotite porphyry with a fine yellowish groundmass.

The granite has a zoned aureole with probable magnetite destruction proximal to the intrusion. The outer halo is however quite magnetic. The granite may have been

forcefully intrusive and could be responsible for causing shallow tilt of hinge lines and bedding to the west away from the stock in the vicinity of Narrawa Creek. There is local contact metamorphism evident at Narrawa Creek in the form of calc-silicate skarns and biotisation of sandstones.

The Moina Sandstone and enclosing stratigraphy was faulted during the Devonian Tabberabberan Orogeny. Within the EL, Jennings (1963) notes a minimum of two fold trends (E-W and NW-SE) and another NNE trend that is generally confined to the western EL extremity. Castro and Fleming (1989) considered the major east –west trending structures with folds to be large scale, symmetrical and open. They were later overprinted by a prominent north-west trending pattern of smaller asymmetrical folds, often accompanied by drag folding and deep seated faults on the limbs of the major folds. The NW orientated faults are apparent in the regional magnetics and may have been synchronous with granite intrusion.

Narrawa Creek Area Geology

Mapped geological detail in the Narrawa Creek area is scant, the Moina Sandstone is considered to be folded about an open E-W synclinal axis running along Narrawa Creek. The creek is also known to host a parallel fault, as shown by offset units in MRT mapping and drilling by Jervois (Purvis, 2000) and TasGold. The influence of folding related to interpreted NW trending magnetic and geochemical lineaments passing through the Higgs – Narrawa Reward area is unclear, but possibly provides structural control for the Higgs mineralisation. A mineralisation model akin to that at the nearby Round Mountain Mine is being considered. Here, anticlinal folds plunge shallowly NW (15^0 to 305^0) and host Pb-Zn-Ag-Au mineralisation as shoots of 25ft width and 20ft depth with some lateral spreading of the ore down the apices of the folds (Macintosh Reid, 1929; GSB 29).

Mineralisation at Higgs and Narrawa Reward is considered to be host in highly faulted Transition Beds of the upper Moina Sandstone, adjacent to the east-west trending Narrawa Creek Fault (Purvis, 2000), which likely forms a structural zone rather than a specific fault. In outcrop, the Moina Sandstone is typically seen as a quartz sandstone and siltstone. In drill core, granule lithic sandstone and conglomerate facies are evident on the SW footwall margin of the semi massive sulphide mineralisation in NC22 and 27, as well as in the collar of NC5 (Figure 2). Drill core replacement textures in these lithologies indicate this unit at least locally acts as a hydrothermal fluid conduit. Siltstone and interbedded granule sandstone occurs in the NE hanging wall to the Pb-Zn vein mineralisation (eg. NC18). The siltstone appears to thin toward the NW, through / beneath the Higgs mine workings and it's unclear whether this represents a thinning of the lithology, destruction through alteration overprint or extensive fault disruption. Calcareous beds are likely to occur in the upper parts of the Moina Sandstone transitional beds at Narrawa Creek and are probably commonly skarnified. Drill section analysis shows three porphyry intrusives of NW to NNW strike and steeply NE dip between Higgs and Narrawa Reward.

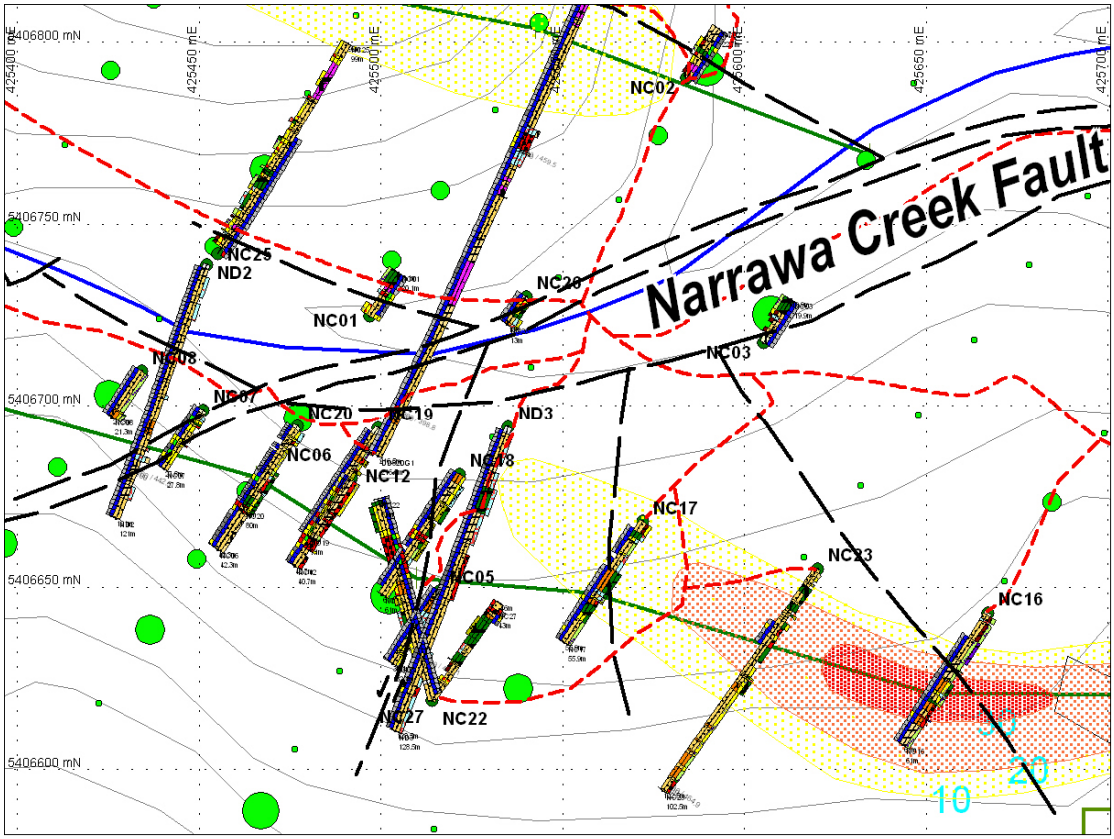


Figure 2: Higgs Gold Mine, drill collars displaying down hole geology, alteration and composited Au and basemetals, with UTEM (green line), VLFEM contours and Au in soils (see Appendix 1 for Legend).

Work Completed

Work to-date on EL29/2003 has been directed toward increasing the resource at the Higgs Deposit (and surrounding Narrawa Creek area) by diamond drilling with the company owned RB37 diamond drilling rig. During the 2004 tenure year, 10 drill holes for 612m were completed (Table 1). Significant results were returned from two drill holes at the Higgs Gold Mine, extending the inferred resource strike (see Table 2). A ground magnetics survey complimented drill planning and was accompanied by limited geological mapping. Capture of geochemical and drill hole digital data has focused on the Narrawa Creek and Stormont areas.

Drill hole geology has been digitally collated (Appendix 5) with basic schematic sections for TasGold holes displayed as figures in Appendix 2. The geology was classified according to the legend in Appendix 1; the classification delineating basic primary and secondary lithologies (eg. a sandstone with minor granule bearing intervals; lith1 = Sand, lith2 = Gransand), alteration and mineralisation. Collar plans and sections display these class's along with significant mineralised intervals derived from composited base metal and gold results, allowing viewing of mineralised and significant intervals. Discrepancies between the data digitally captured from drill logs of previous workers and TasGold's logging potentially exists and needs further assessment. The results of work undertaken to-date are currently being compiled with more in depth appraisal to follow.

Narrawa Creek Drilling

Drilling in the Narrawa Creek area initially focused upon extending the inferred resource at the Higgs Gold Mine to depth (NC18 to 21). This drilling followed up previous explorers Jervois (2003), who intersected highly mineralised sulphide and skarn beneath the Higgs Gold Mine workings. In NC12 the intersection was 25.4m @ 4.33 g/t Au and in NC06 it was 17.4m @ 2.65m g/t Au. The intersections were accompanied by 1-2% Pb, 1-1.5% Zn and 23g/t Ag. Within both these intersections were several high grade zones, up to 1.2m @ 17.7 g/t Au in NC06 and 1.3m @ 20.1 g/t Au in NC12. Further drill holes NC22 and 27 have tested gold mineralisation models and extended the Higgs Resource to the south east, whilst drill holes NC23 to 26 have targeted gold mineralisation in the surrounding area. 10 drill holes for 612m were completed. Drill collar details pertaining to the 2004 drilling are presented in Table 1 and Figure 2 with significant intervals in Table 2.

Hole_ID	Easting (m, AMG66, Zone55)	Northing (m, AMG66, Zone55)	Depth	Azimuth	Dip	Date Commenced	Date Completed	Comments
NC18	425522	5406681	61	213	-50	15-Nov-03	19-Nov-03	
NC19	425499	5406694	71	213	-60	19-Nov-03	23-Nov-03	
NC20	425477	5406694	80	213	-70	24-Nov-03	28-Nov-03	
NC21	425380	5406723	20.5	213	-50	29-Nov-03	30-Nov-03	Hole abandoned with rods lost in hole before target depth (~60m)
NC22	425514	5406619	81	345	-45	16-Oct-04	28-Oct-04	
NC23	425620	5406655	103	215	-45	29-Oct-04	12-Apr-04	
NC24	425183	5406788	37.9	215	-45	13-Nov-04	25-Nov-04	Hole canned with bogged rods, leaving bit, reamer and barrel down hole.
NC25	425455	5406742	99	35	-45	26-Nov-04	08-Dec-04	
NC26	425540	5406730	13	215	-45	09-Dec-04	13-Dec-04	Hole canned with rods bogged in hole
NC27	425514	5406619	46	35	-45	14-Dec-04	21-Dec-04	Hole stopped at 43m, drill rig broken down, rods left in hole to recommence next campaign

Table 1: Drill Hole Collar Data – Narrawa Creek

Hole_ID	From	To	Significant Interval
NC18	**29.7**	**33.2**	**3.5m @2.62g/t Au, 3.29% Pb, 2.75% Zn, 0.08% Cu**
NC19	**28.2**	**29.2**	**1m @1.01g/t Au**
NC19	**55.6**	**57.1**	**1.5m @1.34g/t Au, 0.16% Pb, 0.28% Zn**
NC20	**38.5**	**46**	**7.5m @0.26g/t Au**
NC22	**48**	**62**	**14m @0.98g/t Au, 92g/t Ag, 6.82% Pb, 4.37% Zn, 0.08% Cu**
NC22	**64**	**66**	**2m @1.5g/t Au, 17g/t Ag, 1.59% Pb, 1.74% Zn, 0.15% Cu**
NC23	**28**	**29**	**1m @-0.01g/t Au, 8g/t Ag, 0.84% Pb, 1.13% Zn, 0.1% Cu**
NC27	**40**	**41**	**1m @0.12g/t Au, 20g/t Ag, 2.33% Pb, 1.83% Zn, 0.09% Cu**
NC27	**42**	**46**	**4m @10.47g/t Au, g/t Ag**

Table 2: Narrawa Creek Drilling Significant Intervals

NC18 to 21

Drill holes NC18 to 21 were drilled beneath the Higgs gold Mine workings during the early part of 2004 (see logs and sections appended). NC18 returned 3.5m @2.62g/t Au, 3.29% Pb, 2.75% Zn and 0.08% Cu from 29.7m, showing that base metal mineralisation extends beneath the south east end of the Higgs workings. However, the results from NC19 and 20 were modest for Au with NC20 returning 7.5m @0.26g/t Au (see Table 2) and insignificant base metals. NC21 drilled into a fault at the NW end of the Higgs workings and was abandoned with the rods bogged in the hole.

Regardless of the lower tenor gold in these drill holes, sulphide mineralisation was continuous beneath the existing drill holes, in the form of semi-massive, disseminated and veined pyrite and pyrrhotite.

NC22

NC22 was collared south of the base metal sulphide outcrop located at the SE end of the Higgs workings. The hole was drilled at 345^{o}/-45^{o}, opposing and off set from the 215^{o} azimuth NC5, which drilled 10m beneath and failed to intersect the strong outcropping mineralisation (3.5m @ 15.4g/t Au and 5m @ 2.6g/tAu, 5% Pb, 4.4%Zn & 56ppm Ag; Roberts, 1987). Ideally NC22 should have been orientated at 135^{o} but topographic constraints meant that the collar had to be placed further south than intended. The hole was planned to scissor previous holes, testing the orientation of Au mineralisation, considering that little gold was returned from NC18, 19 and 20 drilled proximally beneath the previous gold mineralised holes NC6 and 12 at Higgs.

NC22 exhibits variable mineralisation and alteration character, suggestive of a protracted history of mineralisation. Styles present are cal-silicate and actinolite-garnet skarn, massive base-metal veining and semi massive disseminated sulphide (galena-sphalerite-chalcopyrite-pyrite-pyrrhotite-Au?), quartz-mica greisen, late pyrite veins, late carbonate veins. Altered foliated, brecciated and broken zones are indicative of significant tectonic activity.

Friable little altered quartz sandstone was intercepted in the upper 14m. Skarn overprints a foliated shear zone near 14m and below this hornfels and skarn becomes progressively more mineralised. Significant galena-sphalerite-chalcopyrite and gold

mineralisation in disseminated to semi-massive and locally massive sulphide style extends from 49 to 66m, gradually fading over the final meter. These sulphides are commonly in banded bedding replacement and vein form. This significant interval returned 18m @ 1g/t Au, 0.10% Cu, 5.75% Pb, 3.76% Zn and 76g/t Ag from 48m. A noteworthy sub interval of breccia textured massive galena and sphalerite vein is evident from 54.8 to 56m (see Table 3). Bedding to core angles for the vein margins of >25degrees (LCA) indicate that the vein has been drilled partly down dip.

Relict bedding in sediments is similarly at a low angle to core, but exhibits some variability and is locally thin bedded, suggesting folding is present (anticlinal models spring to mind – eg. Round Mountain).

DDH Interval (m)	From (m)	Au (g/t)	Cu (%)	Pb (%)	Zn (%)	Ag (g/t)	As (%)
18	48	0.99	0.10	5.75	3.76	76	0.030
12	54	1.42	0.13	6.88	4.15	98	0.040
9	53	1.49	0.11	9.74	5.90	135	0.015
3	54	1.59	0.04	15.87	10.12	282	0.015
4	58	2.02	0.18	6.36	2.91	64	0.015

Table 3: Drill Hole NC22 Significant Intervals

NC23

NC23 targeted a magnetic anomaly, located between NC16 and 17, with similarities to the magnetic anomaly over the Higgs Gold Mine vicinity (Figure 3). Notably NC16 is located immediately adjacent to the anomaly and bears considerably more gold than NC17, located the NW in a magnetically quiet area.

NC23 intersected approximately 10m of pyrrhotite bearing semi-massive sulphide. Further base metal sulphide zones were located elsewhere in the drill hole and returned up to 1.13% Zn with slightly lesser tenor Pb over 2m (Table 2). This mineralisation replaces pebbly sandstone. Silicification was noted to overprint skarn, particularly from 50 to 56m in NC23.

NC24

NC24 was targeted at a gold in soil anomaly, located on the ridge line extending NW from the Higgs Gold Mine. Unfortunately, this drill hole was terminated at 38m, with the rods bogged in the hole, well short of the target depth. Reconnaissance mapping indicated that an anticlinal hinge zone may exist to the SW of the collar position. This was indicated by very shallow dipping beds, located near the waterfall in Narrawa Creek. Thus, given / following an anticlinal model for mineralisation in the Narrawa Creek area, NC24 was likely to have intersected the anticlinal hinge zone. Float of silicified pyritic siltstone, akin to the host lithologies at Higgs, was located coincident with the gold in soil anomaly down slope to the south west of the NC24 collar and remains untested. A planned hole, located up the ridge to the NW of NC24 was not drilled in light of the bad ground conditions encountered in NC24.

Core logging revealed that NC24 was drilled into a brittle fault structure, often displaying a pervasive silica or cream calc-silicate overprint. Calc-silicate infill of fault breccia bearing strongly pervasive silica altered clasts indicates that the former phase is late with respect to at least some of the pervasive silicification. Etched pyrite texture is common and suggests that much sulphide in the hole is weathered out. The core was commonly broken and rubbly.

The geochemical affinities here at first glance downgrade the target, since the observed Au in soils is accompanied by Pb only and is not supported by any of Cu, Zn or As, as is evident for the principal geochemically soil anomalous zone over the drilled Higgs mineralised zone. Despite this it's noteworthy that anomalous gold in soils exists upslope, south west of the Higgs mineralisation and whilst the base metals are absent, a conceptual anticline target still exists at depth beneath the ridge line upon which NC24 was collared. A future drill hole in this location, targeted at the anticlinal hinge could be considered, especially since high conductivity is evident in the WTRMP EM flown over this area and this target has not been tested by NC24, NC14 or NC13 (Figure 4). A ground magnetic high between NC13 and NC24 similarly has not been tested and is partly explained by a weakly magnetic silicified Moina Sandstone outcrop located at the waterfall, north of NC13.

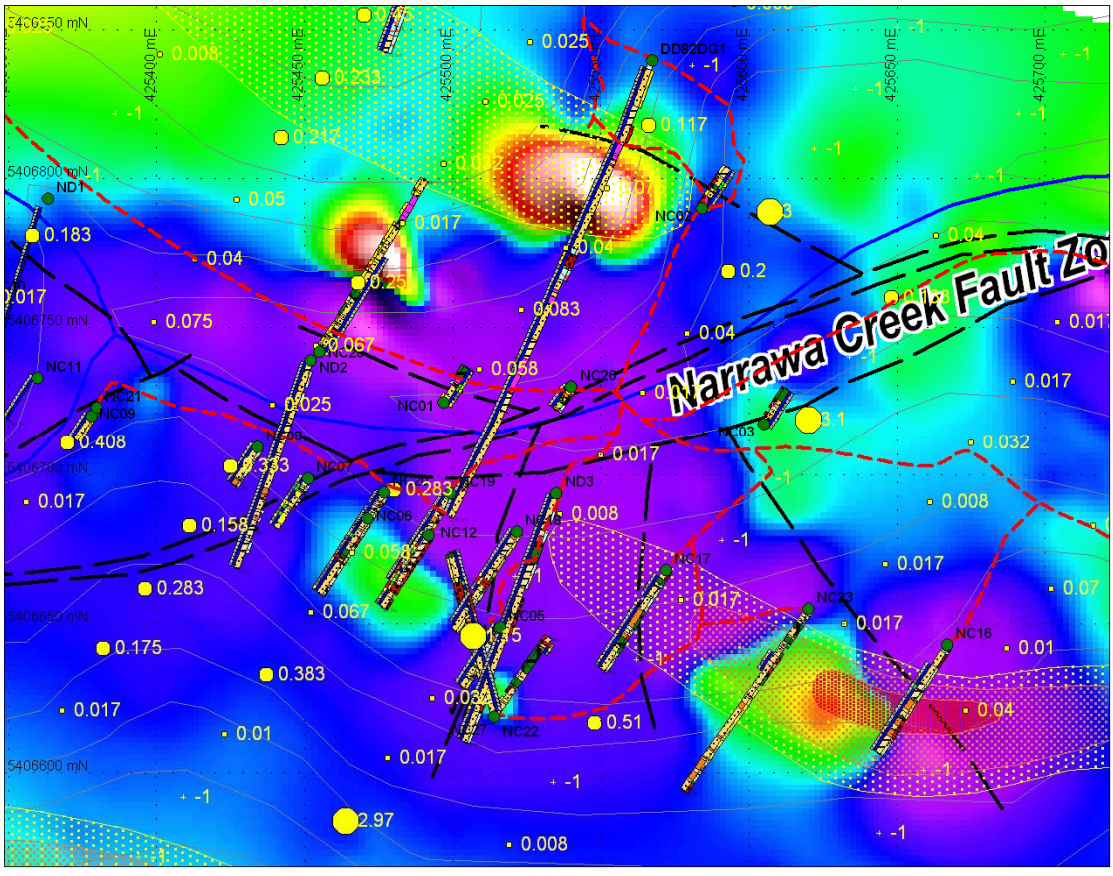


Figure 3: Narrawa Creek Drill Holes, Ground Magnetics, Au in soils and VLFEM (see Appendix 1 for drill hole trace legend).

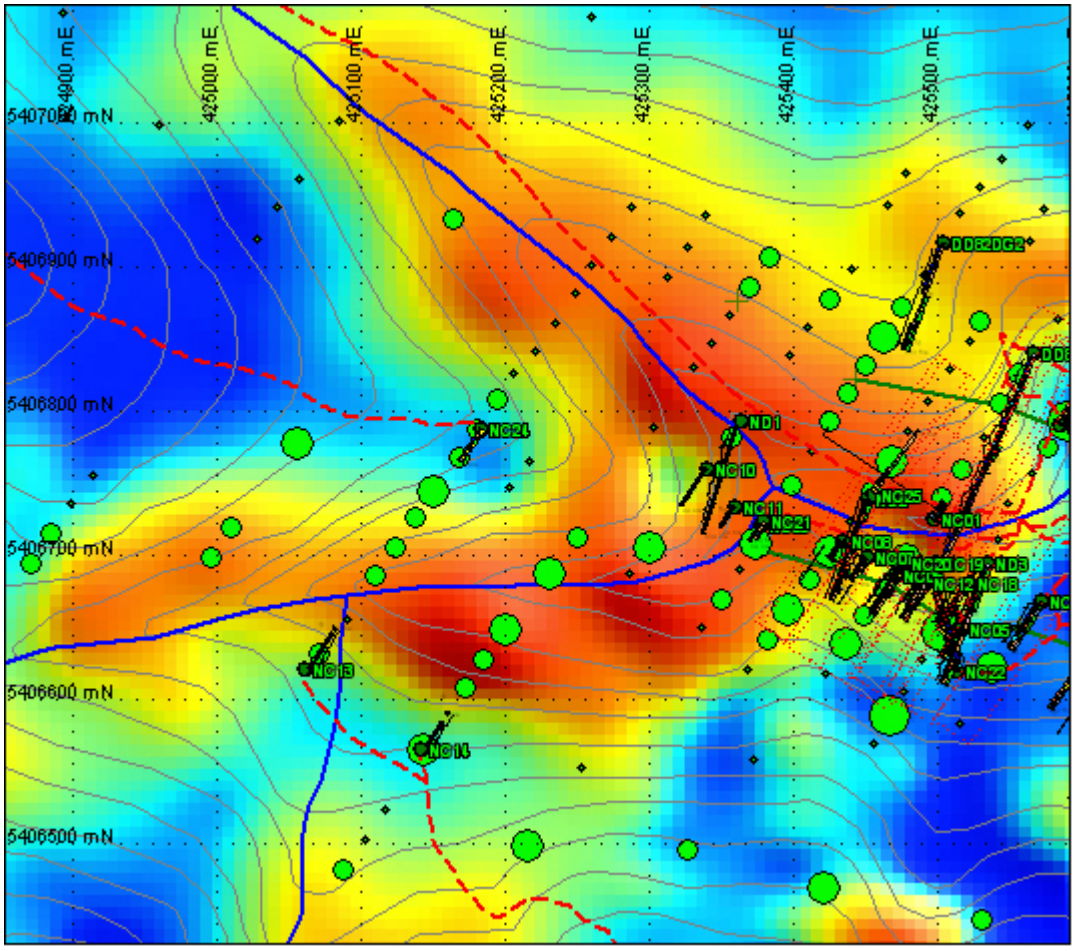


Figure 4: WTRMP 980Hz EM, drill holes and Au in soils

NC25

NC25 was targeted at a strong discrete magnetic high and anomalous gold in soils to 0.25ppm. Gold bearing gossanous ironstone was intersected in the drill hole anchor, returning 25.2g/t. This result may have been largely generated via surface supergene enrichment, although anomalous gold is evident in fresh rock within the nearby drill hole NC01. Disseminated and locally massive Pb-Zn bearing sulphide within silicified outcrop is evident near the latter holes collar and appears to strike sub parallel to the track toward NC25.

Skarn was intersected in the upper portion of NC25. The surface projection of minor down hole pyrrhotite is roughly coincident with the magnetic anomaly and outcropping pyrrhotite bearing skarn and hornfels at surface. Quartz porphyry was intersected from 10 to 13m and 73 to 89.5m. No significant mineralisation was associated with these bodies.

NC26

This hole was collared on the access road, some 15m west of the creek crossing. It targeted the south eastern strike extension of outcropping base metal sulphides and silica-pyrite alteration, located in the vicinity of NC01. The latter returning 2m @4.26g/t Au, 11g/t Ag, 0.86% Pb, 0.64% Zn from the anchor rod in silica – pyrite alteration and 1.4m @4.34g/t Au, 33g/t Ag, 2.76% Pb, 3.91% Zn from 9.5m in base metal

mineralisation further down hole. A secondary target was the down dip extent of the Higgs Gold Mine mineralisation, across the creek. NC26 was unsuccessful, being terminated at 13m with the rods bogged in the hole. The barrel, reamer and bit were left down the hole.

The drill hole intersected several metres of faulted strong actinolite-garnet skarn, bearing base metals over 2 metres. This intersection included 0.5m of semi-massive sulphide, bearing minor galena (0.37%) and sphalerite, along with magnetite and pyrrhotite. Gold was low tenor at 0.32g/t. A silica clast breccia texture, reflecting overprinting of brittle style faulting is evident within the skarn.

NC27
NC27 was collared at the same site as NC22, and drilled to 35 ^{o} azimuth /-45 ^{o} dip. Drilling from the existing NC22 pad was convenient given that access was already in place, and access to the old NC5 collar was problematic due to the number of mining relicts in this vicinity. Note that the drill rig broke down at the current end of hole, when mobilisation to EL's in South West Tasmania was imminent. Casing and an NQ drill rod string were left in the hole in preparation for later recommencement of drilling.

Drilling of NC27 provided a scissor through the unexpectedly poorly mineralised NC5 from upslope and immediately along strike to the SE. The drill orientation was planned to determine if sulphide was missed in the reported core loss section from 19.5m (0.15m of 1.4m recovered; 11%), since drill logs note 10% disseminated Py with minor galena and sphalerite extending from the vicinity of loss. The hole also tested a significant Au in soil anomaly and the continuation of the UTEM anomaly south east from the Higgs Gold Mine. Jervois had inferred that the Higgs Fault striking sub parallel to 35^{o} ran through this vicinity, however the latter observations and the intersection in NC27 suggest a continuation of gold mineralisation with little fault displacement.

NC27 intersected friable medium grained quartz sandstone in the upper portion of the hole with actinolite (+/-garnet) skarn extending from 16 to 40m. The hole terminated in medium grained sandstone with moderate to strong semi-pervasive to pervasive silica, bearing disseminated sulphide comprising pyrite to 10% (but locally semi-massive >15%) with minor galena and sphalerite. A highly encouraging intersection of 4m @ 10.5g/t was returned from 42m to the end of hole at 46m. Up hole adjacent to this intersection, significant base metals comprising 1m @ 2.33% Zn, 1.83% Pb, 0.12g/t Au and 20g/t Ag were returned from 40 to 41m (Table 2). The results from NC27 extend the known Higgs Gold Mine inferred resource by ~20m, leaving mineralisation open to the south east (Figure 2 & 3).

Ground Magnetics Survey

A ground magnetic survey was conducted over much of the Narrawa Creek grid area with local infill down to 10m spaced lines. The survey utilised G856 magnetometers hired from Mineral Resources Tasmania. The data has not been diurnally corrected at this stage, since only one magnetometer was available for some survey days. Some spurious readings from a day of magnetic storm activity have been removed from the appended digital data set.

The ground magnetics survey successfully defined an anomaly over the Higgs Gold Mine mineralisation, the Narrawa Reward and several satellite areas, including that drill tested by NC23 and 16. The occurrence of pyrrhotite in the Higgs and NC23 areas readily accounts for these anomalies. An intense anomaly coincident with elevated soil geochemistry was revealed 450m east of Higgs near NC04 (Figure 5).

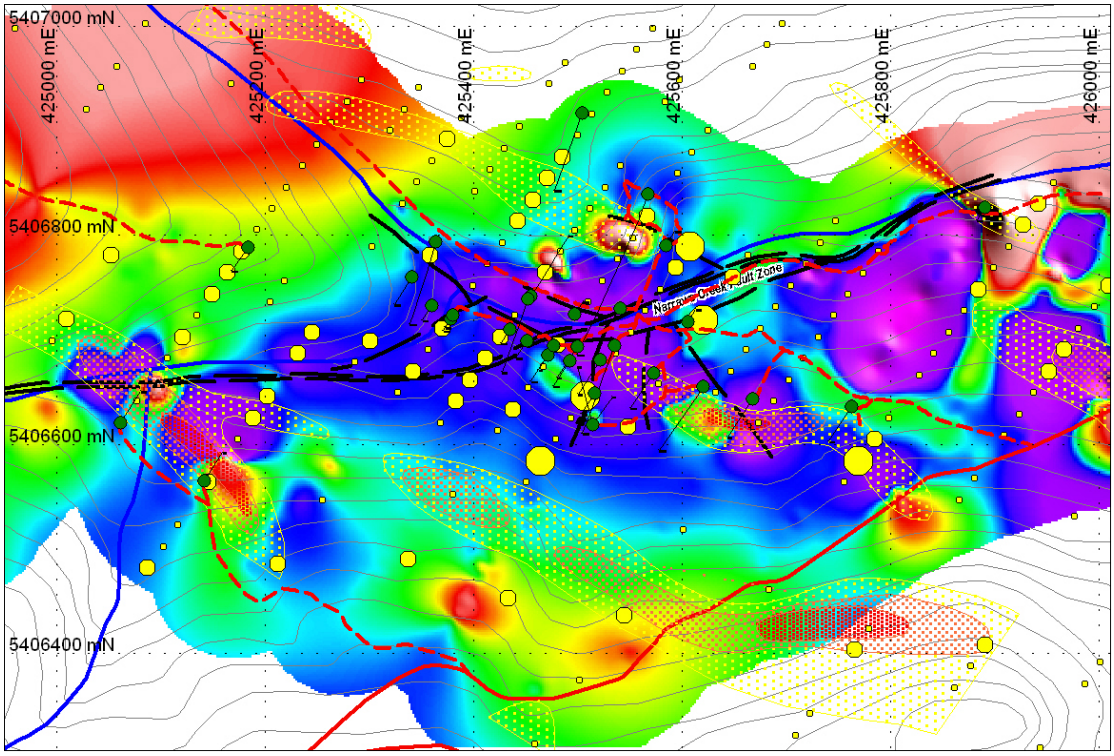


Figure 5: Ground Magnetics (not diurnally corrected), Drill Holes, VLFEM and Au in soils

Mineralisation Model

The targeted mineralisation style within EL29/2003 is intrusion related gold, which may include narrow high grade vein deposits, large tonnage (~50Mt), low to medium grade (~2-4g/t) intrusive related stockwork Au, skarns and possibly Carlin style deposits.

Models for mineralisation are uncertain at this stage, which is partly due to the erratic nature of skarn distribution combined with significant fault disruption. Geological assessment is continuing to unravel the complex nature of mineralisation at Higgs. A skarn modified structure and anticline hosted “saddle reef” like model, incorporating features evident at the nearby Round Mountain deposit is a possible model to be further investigated. Granite-related Devonian aged mineralisation may have also remobilised and concentrated Cambrian mineralisation from the Mt Read Volcanics, located stratigraphically beneath and cropping out approximately 500m south of the Ordovician Moina Sandstone that hosts the Higgs mineralisation.

Semi-pervasive and disseminated sulphide zones extend deeper than the current drilling beneath Higgs, but Au and base metals are depleted at depth in ND3, beneath the south eastern end of Higgs. Comparatively, strong gold mineralisation was intersected closer to surface in NC27, located south of ND03. These observations highlight the erratic nature of gold distribution. Gold is noted by previous explorers to be elevated with high sulphides, but also mutually exclusive, possibly partly resulting from a separate mineralising event (Purvis, 2000). Gold mineralisation was was considered to be related to biotisation of the host rocks. Whereas, greisen is thought to be unrelated to Au mineralisation, a relationship supported in Table 4, showing poor correlation between gold and greisen related Bi and W analysis. Good correlation exists between Pb, Zn and Ag, whilst weak correlation exists between Bi and W. Au shows very weak correlation with Pb, Zn and Ag in drill core.

Drill Core	Au_ ppm	Ag_ ppm	As_ ppm	Cu_ ppm	Pb_ ppm	Zn_ ppm	Bi_ ppm	Sn_ ppm	W_ ppm	Mo_ ppm
Au_ppm	1.00									
Ag_ppm	0.31	1.00								
As_ppm	0.00	0.06	1.00							
Cu_ppm	0.39	0.31	0.04	1.00						
Pb_ppm	0.38	0.83	0.01	0.35	1.00					
Zn_ppm	0.42	0.82	0.01	0.40	0.92	1.00				
Bi_ppm	0.01	0.02	0.01	0.15	0.00	-0.01	1.00			
Sn_ppm	-0.04	-0.04	-0.02	-0.06	-0.03	-0.03	-0.05	1.00		
W_ppm	-0.01	0.02	0.00	0.07	-0.02	-0.02	0.58	-0.01	1.00	
Mo_ppm	-0.02	-0.02	-0.01	-0.05	-0.02	-0.02	-0.03	-0.01	0.15	1.00

Table 4: Correlation coefficients for drill core geochemical analysis

Proposed Exploration

Numerous excellent drill targets remain on the property and TasGold Ltd. plan to continue evaluation of the resource potential of EL29/2003. The Narrawa Creek and Stormont areas providing the best opportunities for defining intrusion related gold deposits, particularly at the former where untested soil anomalies and previous good drilling results require further follow up. The mineralisation potential and exploration program for EL29/2003 is currently under review with drilling expected to recommence in August 2005. Compilation of digital data for GIS analysis of the Gowrie Park EL is ongoing. A regional assessment via GIS analysis, with key target follow up via mapping, rock chip and soil sampling is to be undertaken to locate and / or bring other prospects to a drill ready status.

In the Narrawa Creek area, expansion of the Higgs Gold Mine inferred resource is a high priority, with gold in soils anomalism open to the south east. Anomalous gold in soils upslope from the workings also remain untested. Principal among the drill targets outside the Higgs Mine area is a 300m long coincident multi element (Au, Pb, Zn) soil anomaly with associated weak VLFEM and strong magnetic signature (Figure 6). A short drill hole NC04 intersected 6.9m @1.07g/t Au at the north western end of this 300m long anomaly.

TasGold's GIS data compilation for the Stormont Deposit is currently being undertaken with drill evaluation expected to follow. TasGold have identified that the Stormont Deposit has had a considerable amount of drilling undertaken on it. However, data assessment shows that there is still substantial scope to increase resources in several areas. These areas include the NW strike extension of the known deposit, the untested western sector of the western syncline to the west of SD21 and the north of SD20 and also areas proximal to the eastern thrust.

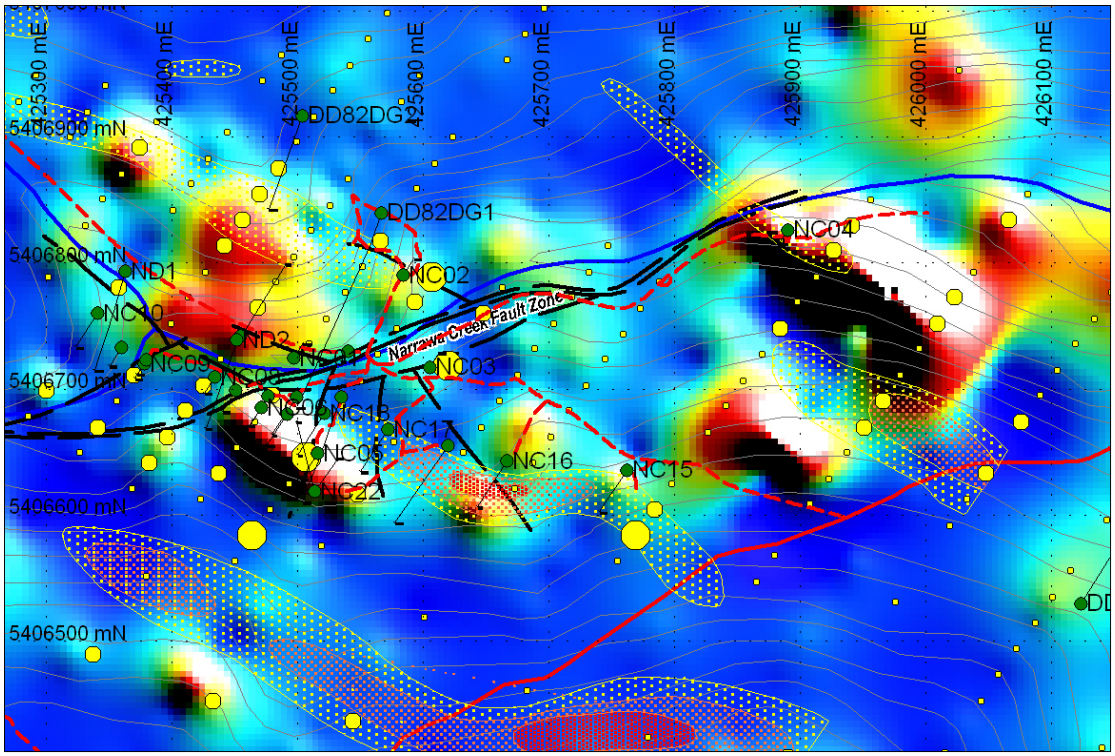


Figure 6: Narrawa Creek Potential Drill Targets (displaying drill holes, gridded Zn and thematic Au in soils and VLFEM).

References

Castro, C. H., and Fleming, M. J., 1989. EL 8/88 Lorinna and EL 36/88 Round Mountain, Annual Report. RGC Exploration Pty Limited. Tasmanian Company Report (TCR 89-3038)

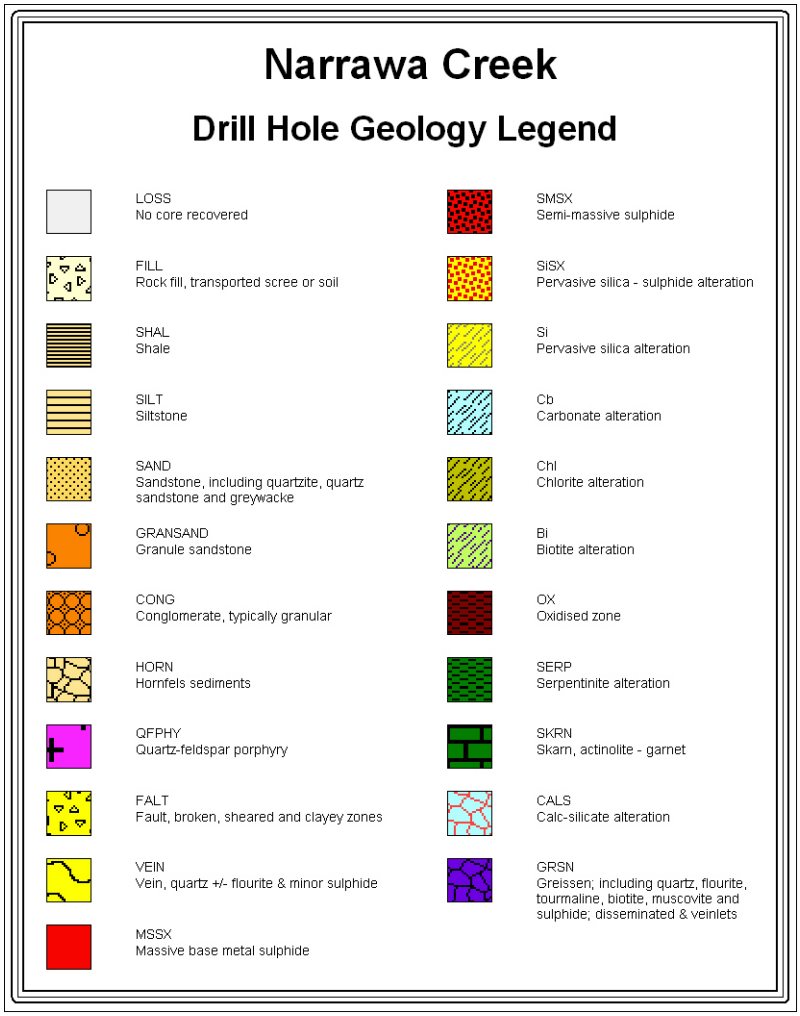
Morrison, K. C., Reed, A. R., and Turner, N. j., 2003. The Dolcoath Granite: A Gold Exploration Target. Western Tasmanian Regional Minerals Program, Devonian Granite Aureoles Project, Tasmanian Geological Survey Record 2003/16.

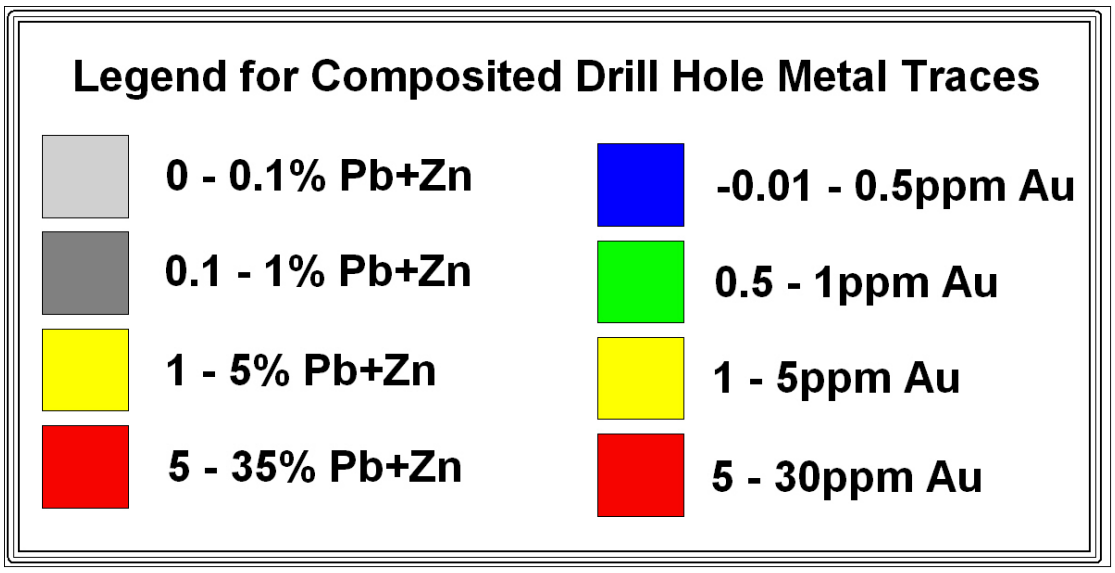
Purvis, J. G., 2000. Second Progress Report – Dolcoath EL 37/97. J. G. Purvis and Associated Proprietry Ltd.; Jervois, Tasmanian Company Report (TCR 00_4423).

Roberts, R. H, 1987. E.L. 26/85 Narrawa, Annual Report 1986/87. Goldfields Exploration Proprietary Limited. Tasmanian Company Report (TCR 87_2739).

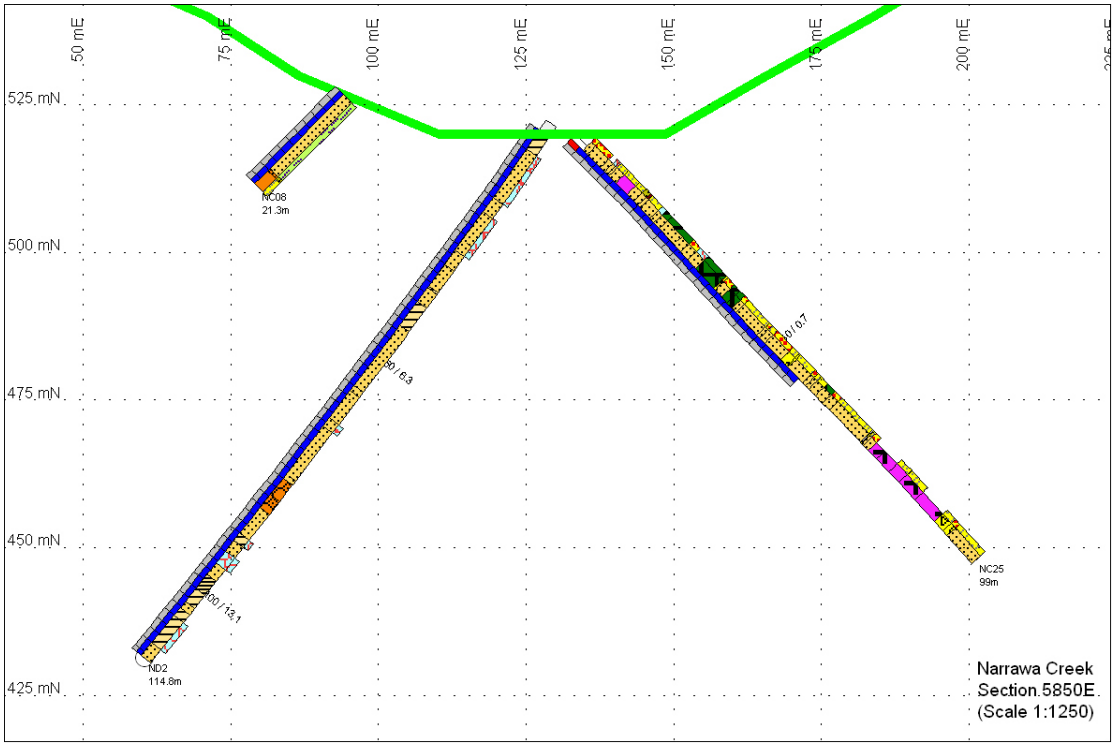
Appendices

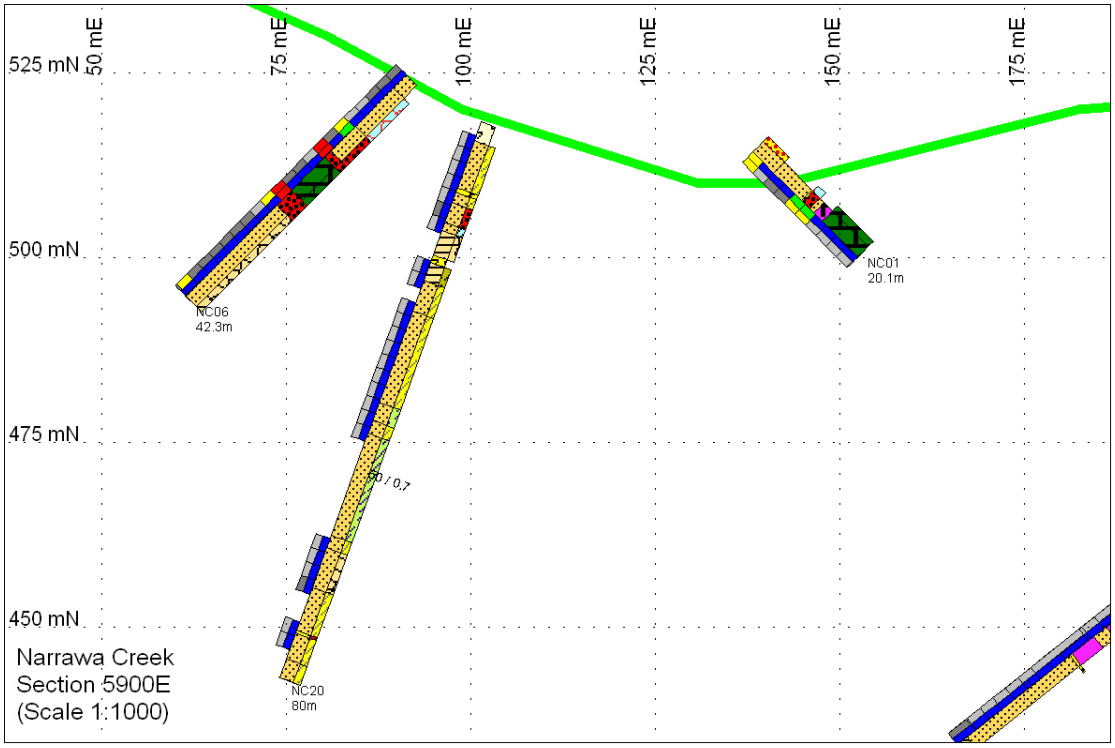
Appendix 1: Drill Hole Geology Legend





Appendix 2: Drill Sections


50 mE
75 mE
100 mE
125 mE
150 mE
175 mE
200 mE
525 mN
500 mN
475 mN
450 mN
425 mN
NC08
21.3m
NC25
99m
ND2
114.8m
Narrawa Creek
Section 5850E
(Scale 1:1250)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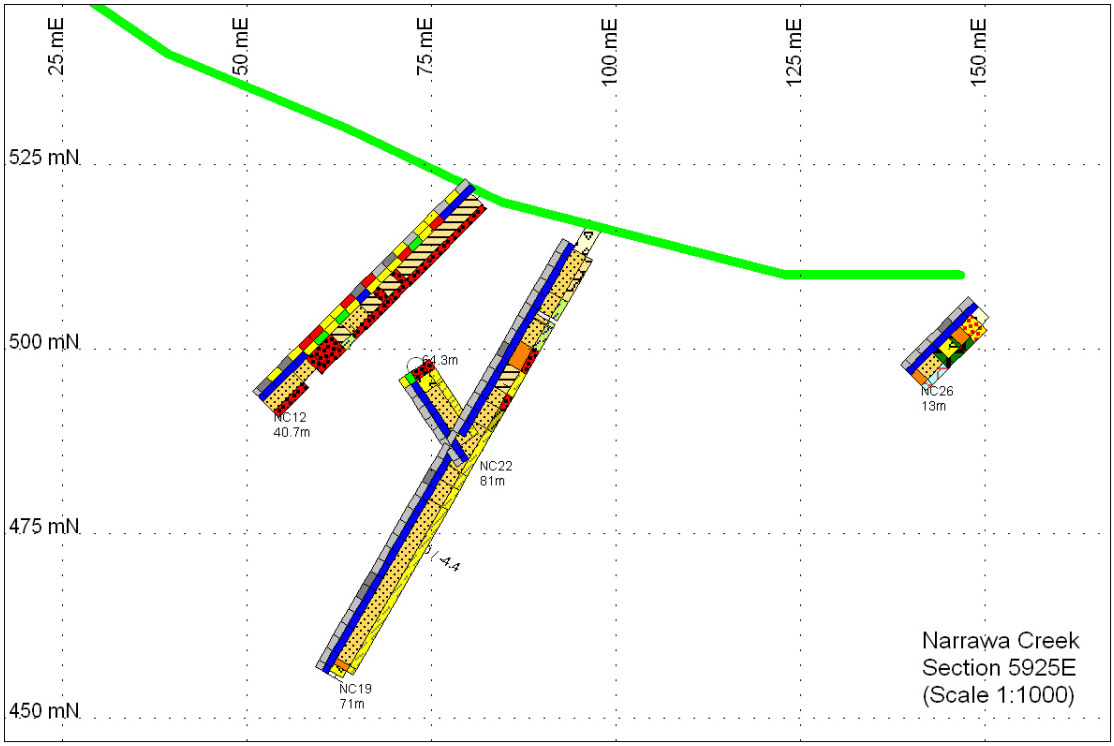
75 mE
100 mE
125 mE
150 mE
175 mE
525 mN
500 mN
475 mN
450 mN
NC06
42.3m
NC01
20.1m
NC20
80m
Narrawa Creek
Section 5900E
(Scale 1:1000)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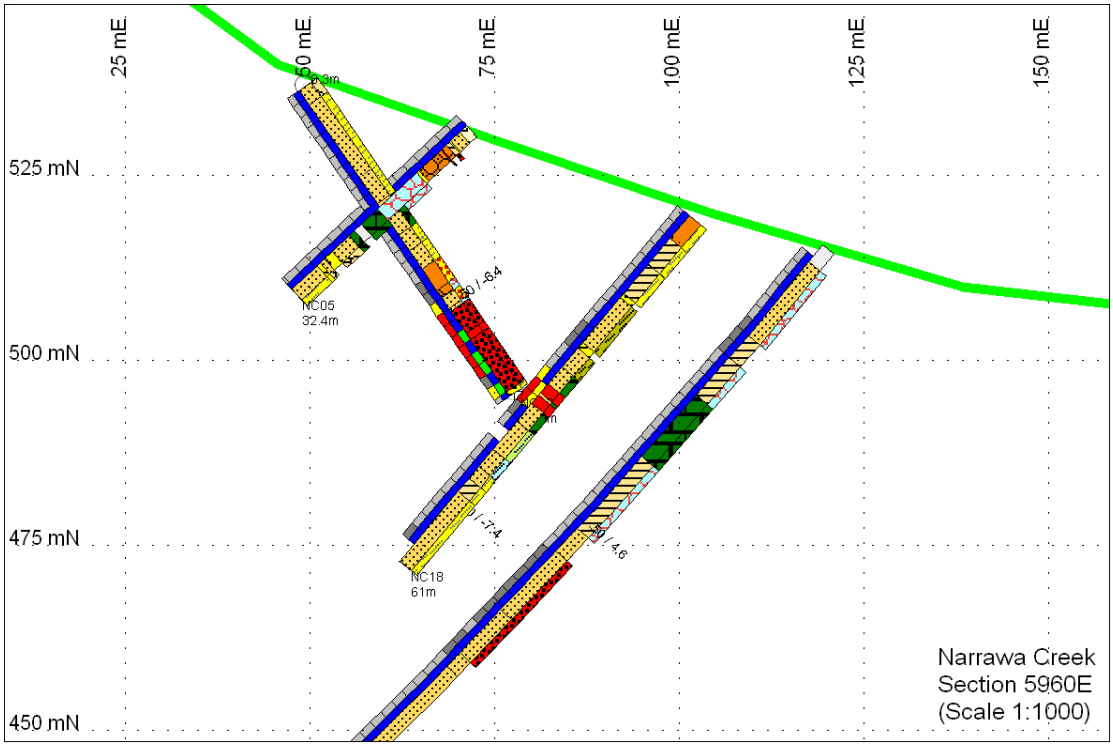
50 mE
75 mE
100 mE
125 mE
150 mE
525 mN
500 mN
475 mN
450 mN
NC12
40.7m
NC22
81m
NC19
71m
NC26
13m
Narrawa Creek
Section 5925E
(Scale 1:1000)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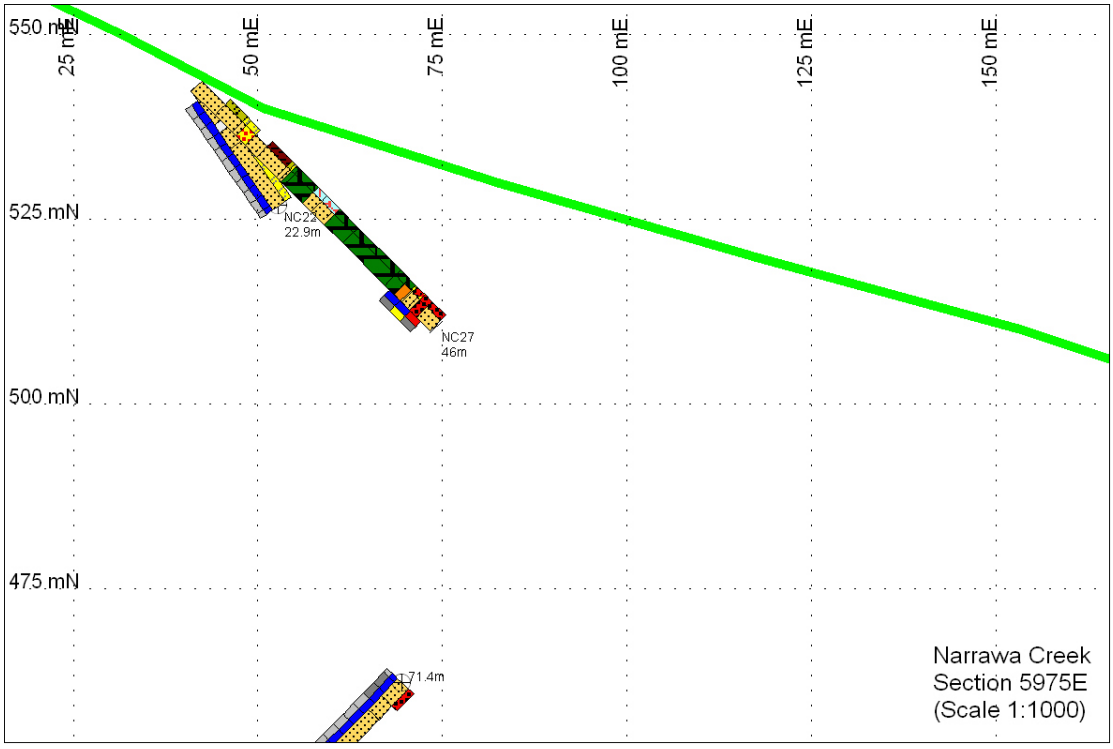
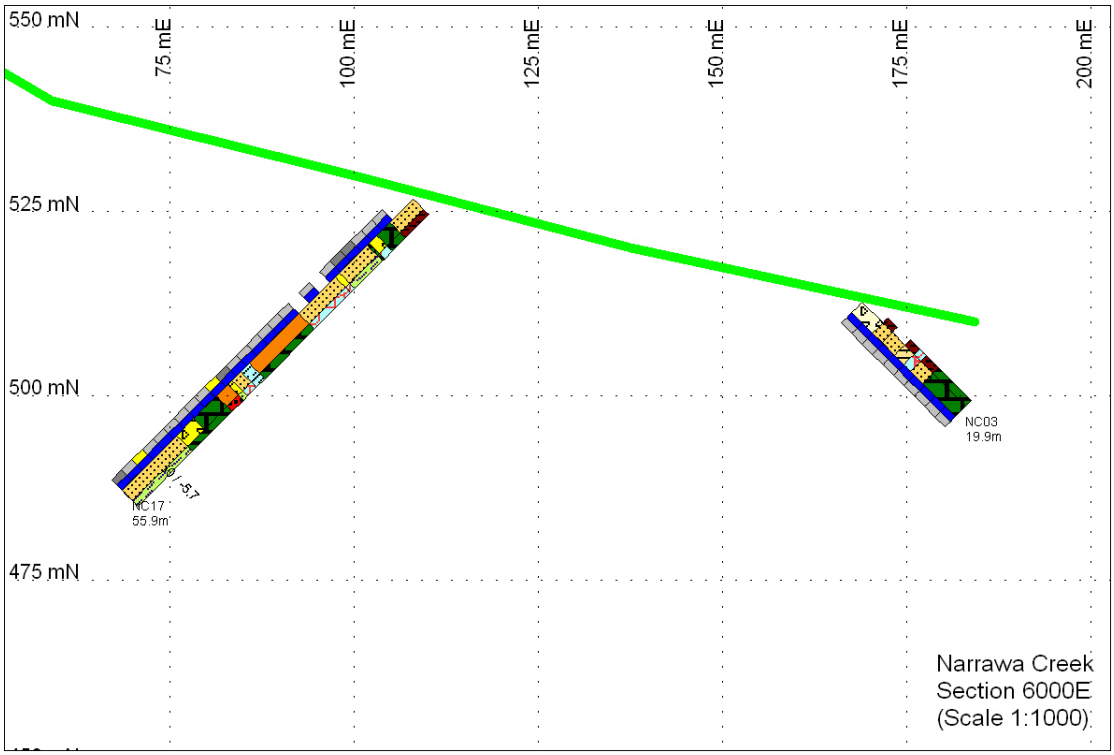
50 mE
75 mE
100 mE
125 mE
150 mE
525 mN
500 mN
475 mN
450 mN
NC05
32.4m
NC18
61m
Narrawa Creek
Section 5960E
(Scale 1:1000)


550 mN
525 mN
500 mN
475 mN
25 mE
50 mE
75 mE
100 mE
125 mE
150 mE
NC22
22.9m
NC27
46m
T71.4m
Narrawa Creek
Section 5975E
(Scale 1:1000)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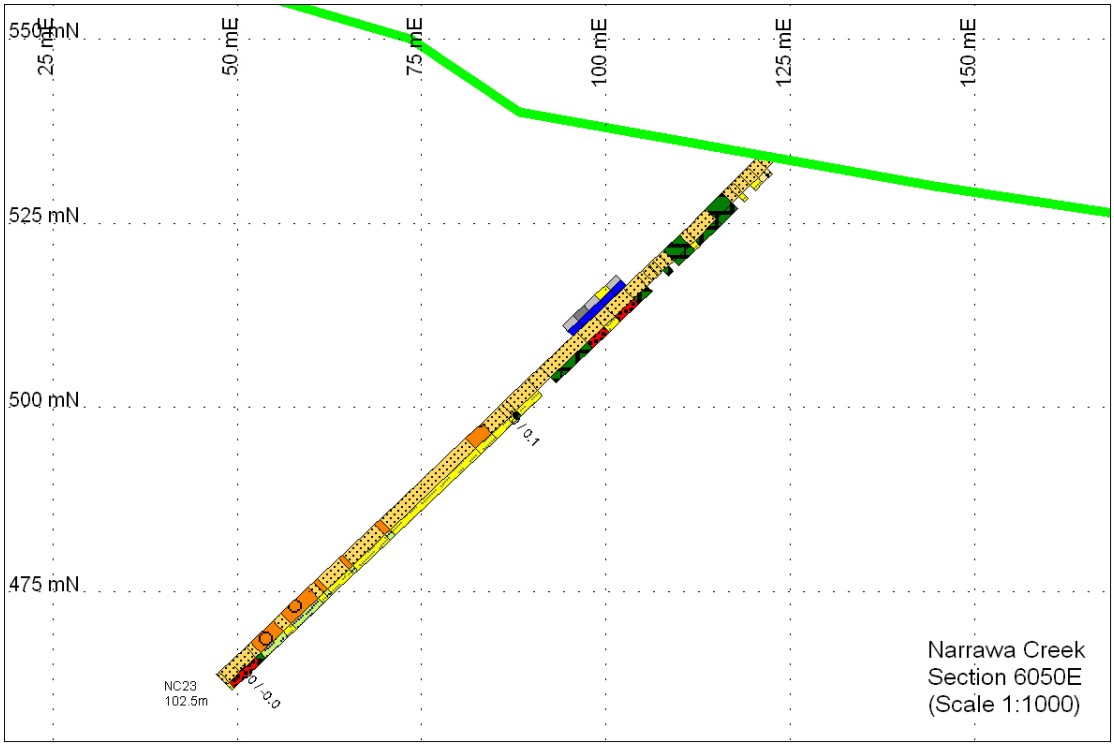
525 mN
500 mN
475 mN
75 mE
100 mE
125 mE
150 mE
175 mE
200 mE
NC17
55.9m
NC03
19.9m
Narrawa Creek
Section 6000E
(Scale 1:1000)


550 mN
525 mN
500 mN
475 mN
25 mE
50 mE
75 mE
100 mE
125 mE
150 mE
NC23
102.5m
Narrawa Creek
Section 6050E
(Scale 1:1000)

Appendix 3: Drill Hole Logs

Appendix 4: Geochemical Analysis

Appendix 5: Digital Data

List of appended digital data files:-

EL292003_200507_01_Digital_Files
EL292003_200507_02_Report
EL292003_200507_03_Drill_Logs
EL292003_200507_04_DH_Collar
EL292003_200507_05_DH_Analysis
EL292003_200507_06_DH_Survey
EL292003_200507_07_DH_Geology
EL292003_200507_08_DH_Structure
EL292003_200507_09_DH_Structure Codes
EL292003_200507_10_Ground_Magnetics_Data