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EL29/2003 – Gowrie Park

Annual Report to September 23, 2005.

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Summary

TasGold Ltd is currently undertaking a drill program of approximately 800m that began in early/mid September 2005. This program is primarily directed toward increasing the resource at the Higgs Deposit (and surrounding Narrawa Creek area). The Narrawa Creek precious and base metal mineralisation have complex inter-relationships which are now better understood because of a recent structural geologic / mineralisation orientation evaluation.

Orientation work undertaken on the extension of the current drill hole (NC27) has indicated significant potential for south-west dipping mineralised veins in addition to the previously known moderate/steeply NW dipping strata replacement mineralisation. These results show that whilst much sulphide is bedding parallel and moderate NE dipping, mineralised veins are near perpendicular and dipping relatively shallowly to the SW. This helps with understanding the nature of mineralisation at Narrawa, noting that previous TasGold drilling beneath high grade intersections in NC12 and NC06 returned little. Similarly, some very high grades to 58.67 g/t Au were returned from West Higgs and SW orientated drilling beneath these structures returned little by comparison.

A likely model to be tested suggests mineralisation was introduced along SW dipping structure related to a NW striking fault with permeation along bedding planes and fold closures within the favourable permeable coarse grained wacke to granule conglomerates.

Limited geological mapping and rock chip sampling was undertaken.

Introduction

This report presents limited data generated since the time of last reporting. The previous annual report detailed results from two exploration drilling programs by TasGold Ltd on EL29/2003 during the period 9/9/2003 to 23/12/2004. The submission of that report was delayed beyond the annual submission date of 24th September, since active exploration was underway at that date and an extension for submission allowed for all data to be presented. The reader is referred to this report (Reid and McDougall, 2004) for detail on regional and local geology.

TasGold's exploration program has focused upon resource definition at the Higgs Gold Mine and surrounding Narrawa Creek area, where Jervois (Pervis, 2000) defined an inferred resource of 215,000 tonnes at 3.5 g/t Au, 1.5% Pb, 1.3% Zn and 23g/t Ag. During 2004, TasGold Ltd. 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. Interpretation work is ongoing, with exploration drilling recommencing on 15/9/2005.

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 has been utilised since the end of the 2004 field season for rig shifts. A quad bike and trailer was also used for moving equipment.

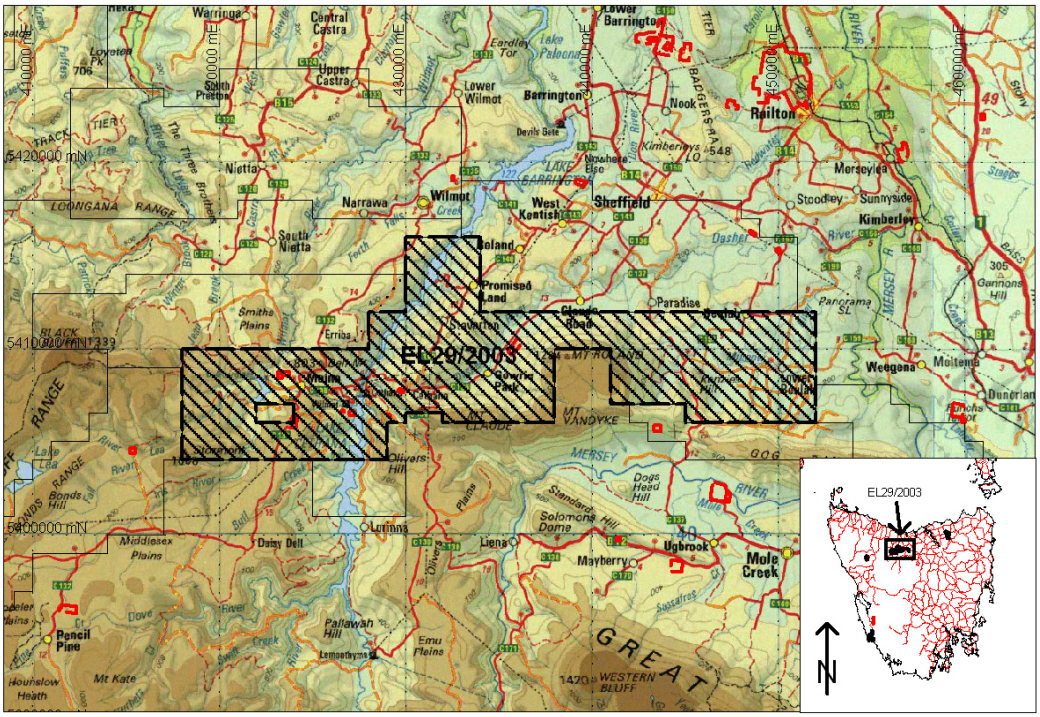

Figure 1: Location of EL29/2003

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.

Little exploration has been undertaken in the surrounding EL and TasGold fell short of expenditure commitments during the last year of tenure. Subsequently, an application for conversion of the Narrawa Creek and Stormont resource areas to a Retention Licence is underway.

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. Exploration recently recommenced (15/9/5) for the 2005 tenure year and in this short time drill hole NC27 was re-entered and extended to test highly significant results returned during the last reporting term (3.8m @10.9g/t Au from 42m). Limited geological mapping and rock chip sampling was undertaken.

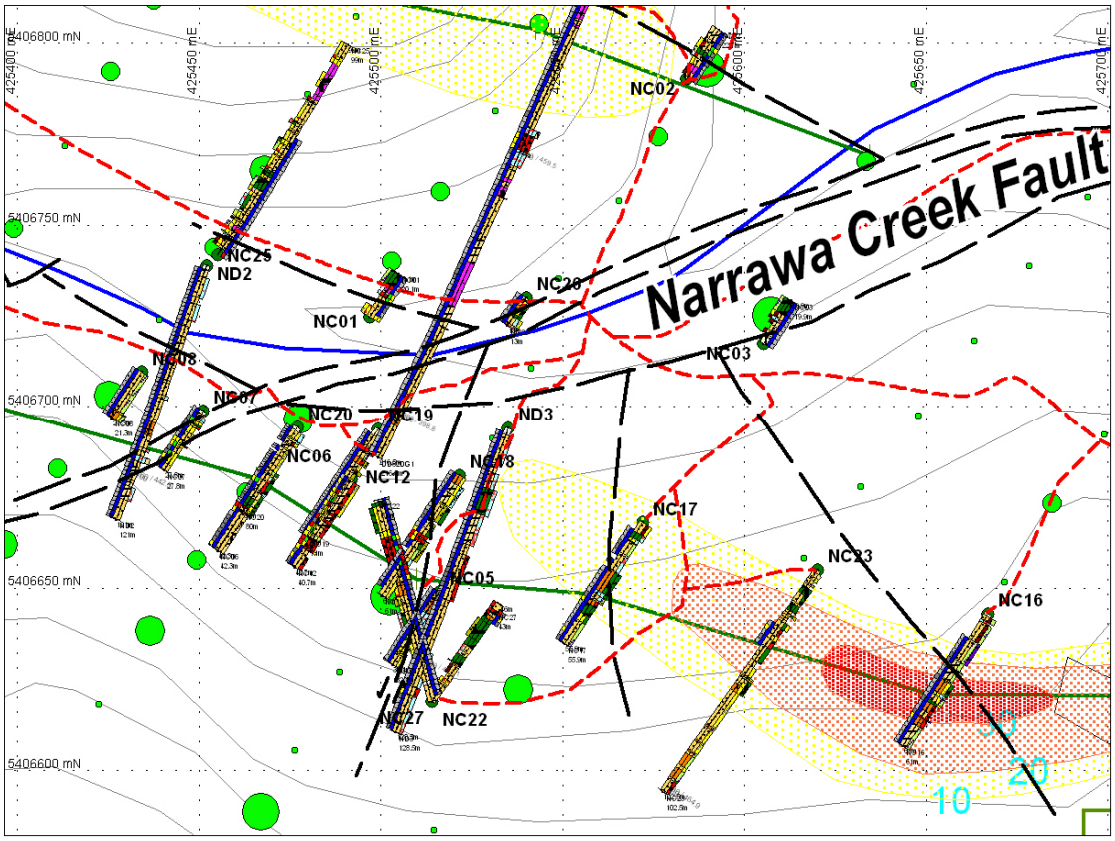

Figure 2: Higgs Gold Mine, drill collars displaying down hole geology, alteration and composited Au and basemetals, with UTEM (green line), VLFEM contours and Au in soils (see Appendix 1 for Legend).

Narrawa Creek Drilling

NC27 tests the south eastern extension of the Higgs workings. A drill log is provided in Appendix 1.

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 silicification, bearing disseminated sulphide comprising pyrite to 10% (but locally semi-massive >15%) with minor galena and sphalerite. A highly encouraging intersection of 3.8m @ 10.9g/t Au was returned from 42m to the end of hole at 45.8m. 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. This intersection from NC27 (Reid and McDougall, 2004) extended the known Higgs Gold Mine inferred resource by ~20m, leaving mineralisation open to the south east (Figure 2).

The drill rig broke down at 45.8m on 23/12/04, when mobilisation to EL's in SW Tasmania was imminent. Casing and NQ drill rod string were left in the hole, in preparation for recommencement of drilling following the SW field season. Drilling recommenced with the NQ rods freed on 15/9/05.

Highly encouraging strong mineralisation extends from the previous 45.8m end of hole to 55.3m, extending the intersection to 13.5m (41.8 to 55.3m) of semi-massive pyrite (15 to 40%), which includes several minor zones of near massive sulphide over 20cm intervals. Galena and sphalerite locally reach 5% over 30cm included within up to 4m of ~2% combined. The remainder of the drill hole intersected weakly pyritic sandstones with minor silica-pyrite altered zones and short pyrrhotitic skarn intervals (eg. 65.2 to 66.7m & 69.15 to 73.25m).

NC27 Structural Orientation Survey

Numerous orientated structural readings were collected from NC27. Stereographic projection of poles to various structures evident within NC27 clearly shows that the principal mineralised vein orientations are dominantly west dipping as compared to the east dipping bedding. Sulphide replacement apparently occurs along bedding since pyrite banding in zones of semi-massive sulphide is of equivalent orientation to bedding of approximate strike 100 to 120 / -70E. Conversely, pyrite and base-metal bearing veins typically strike 310 to 340 / -35 to -60W (Figure 3 & 4) and another set of sulphide veins strike ~50/-65 to 80E. These veins sets presumably represent dilatant orientations related to principal NW orientated faulting.

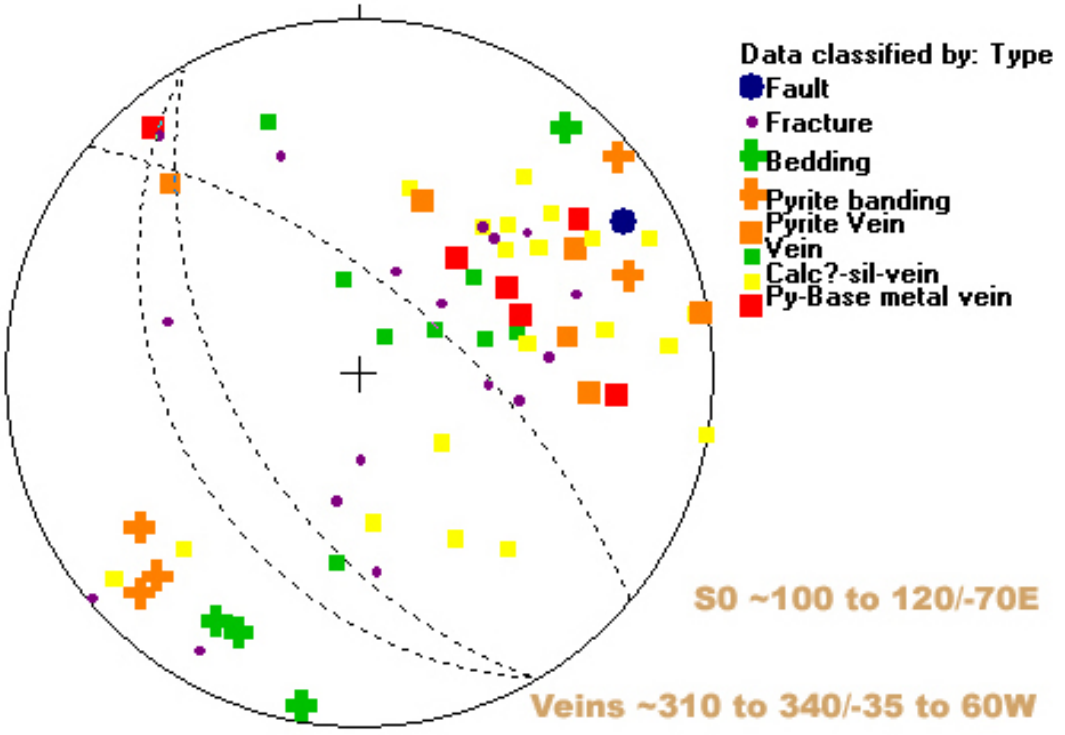

Figure 3: NC27 Poles to Structures

Figure 4: NC27 comparison of bedding (55.4m) to veining (51.9m; BDC – Bottom Dead Centre indicated in green)

Narrawa Creek Rock Chips

A limited number of rock chip samples (11) were collected from the Narrawa Creek area. Rock chip assay results returned little gold from 11 samples. Two float samples of wolframite bearing Dolcoath Granite, located adjacent to drill hole NC17, were weakly anomalous in W and Mo, with a second (composite) sample also bearing anomalous Bi. Rock chips in the NC04 drill hole vicinity were variously anomalous for tin, arsenic, bismuth and zinc (see Appendix 2).

NC20 Re-sampling

Drill hole NC20 was previously incompletely sampled. Re-sampling uncut intervals returned a peak value of 0.46g/t Au, extending an intersection of 0.5g/t tenor (38.5 to 47m). A further 1m from 57m returned 11.6g/t Ag, 0.41% Pb (see Appendix 3).

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. The Dalcoath Granite, outcropping on the southern flank of the Narrawa Creek valley, is an oxidised granite typical of the type associated with intrusion related gold deposits.

Specific 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 Narrawa Creek. 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 base metal-rich Mt Read Volcanics, located stratigraphically beneath and cropping out approximately 500m south of the Ordovician Moina Sandstone that hosts the Higgs mineralisation.

Drill core structural orientation survey results have clearly improved understanding of the nature of mineralisation at Higgs and will enable better drill targeting in future. A revised mineralisation model entails introduction of mineralisation along SW dipping dilatant structures related to a NW striking fault zone, which parallels other regional scale faults, such as the nearby Bismuth Creek Fault; host to the Moina Flourite Skarn (Australia’s largest fluorite resource). Ore is likely to form where local permeability and chemically controlled traps along bedding planes and particularly within fold axes exist. The coarse grained quartz-wacke to granule conglomerates hosting ore at Higgs are favourable in this regard. Later brittle style faulting along the approximately east-west orientated Narrawa Creek Fault, located proximal to the margin of the oxidised Dalcoath Granite, complicates the structural regime.

This model helps explain enigmatic results from previous work, whereby south west directed drilling beneath high grade intersections in NC12 and 6 returned little; these drill holes were most likely being drilled sub parallel to the principal mineralisation orientation and / or beneath plunging fold axis hosted ore traps. Similarly, some very high grades to 58.67g/t Au (Roberts, 1987) in channel sampling were returned from

the nearby West Higgs and south west orientated drilling beneath here also returned little by comparison.

Notes on Geology of the Higgs Workings

Examining the Higgs open cut reveals steep NE dips for dominant joint (/bedding?) planes in the NE wall, with shallow NE dip for those in the SW wall, whereas relatively flat dips are evident underground in the SE end of the workings. ie. A hint of anticlinal structure is present, although bedding orientation cannot be confirmed. Comparatively at the nearby Round Mountain Mine anticlines plunge shallowly to moderately to the NW (wavelength <~100m); a similar scenario for Higgs is possible. Further, given the anomalous Au in the "upper" conglomerate at Higgs, the Au (to 2.97g/t) in soils to the immediate SW of Higgs may represent a folded repeat of an upper conglomeratic host horizon, which remains untested.

Mineralisation and Alteration Notes

- The hydrothermal history at Narrawa Creek reflects periods of pressurisation followed by brittle release events. Skarn and pervasive alteration styles are possibly related to a highly fractionated oxidised granitic intrusion, with porphyry dykes, greisen and quartz-wolfram veins accompanying a late brittle pressure release. For example pervasive calc-silicate alteration is superficially very similar to tan coloured calc?-silicate veinlets filling brittle fractures. Pervasive calc-silicate alteration is evident at skarn margins, with veinlets often extending away.
- Skarn appears as pervasive mottled and blotchy actinolite alteration, that locally appears like semi-pervasive serpentinite alteration. Disseminated and discontinuous veinlet pyrrhotite is an accessory within skarn.
- Base metal mineralisation forms an accessory to semi-massive and strongly disseminated pyrite, associated with pervasive weak silicification and possibly biotisation. Late fracture fill base metal-rich veins are also evident and in NC22 aligned crystals of galena hint at growth in a strained crack seal environment. Sense of movement could be determined with orientated core.
- Skarn and semi-massive sulphide is apparently focused along granule quartz-wacke and granule conglomerate units at Higgs.
- Gold is noted by previous explorers to be elevated with high sulphides and base metal concentration, but also mutually exclusive, possibly partly resulting from a separate mineralising event (Purvis, 2000). Gold mineralisation is considered to be related to biotisation and sulphidation of the host rocks. Au shows very weak correlation with Pb, Zn and Ag in drill core. Whereas, good correlation exists between Pb, Zn and Ag, whilst weak correlation exists between Bi and W (Reid and McDougall, 2004).
- Pervasive grey silicification apparently predates pervasive light brown / tan calc-silicate alteration since the latter forms relict islands within the skarn zone down hole.
- Silica veinlets with diffuse margins overprint the pervasive silicification locally, again indicating hydrothermal activity under pressure, followed by brittle fracture veinlets upon release.
- Discontinuous pyrite veinlets are commonly evident within pervasively silicified zones.

- Greisen veins; fluorite, wolfram, molybdenite, quartz, feldspar, mica; Greisen is thought to be unrelated to Au mineralisation, a relationship supported by poor correlation between gold and greisen related Bi and W analysis.
- Minor late milky buck vein quartz.

Proposed Exploration

Expansion of the Higgs Gold Mine inferred resource to the south east remains a high priority.

New evidence indicates that precious and base metal mineralisation on the northern side of Narrawa Creek may also not have been drilled effectively. Mineralisation of uncertain orientation is known on the northern side of Narrawa Creek as defined by drilling undertaken from the main access track. The most significant gold in the area was defined in NC01, the hole returning assays of 10.9m of 1.31g/t Au, 9g/t Ag, 0.6% Pb and 0.7% Zn. Individual intersections within the top of this hole ran higher grades and hole NC25 also intersected 1.5m of 25.5 g/t Au from the drill rig anchor hole.

A series of excavator trenches along the main Narrawa Creek access track proximal to this drill intersection is planned for early October, to better define the extent and controls on this mineralisation prior to additional drilling. The trenches will be located in areas where channel sampling has not been conducted due to limited outcrop. The necessity of such sampling is highlighted by a 12m gap in channel sampling next to a 7.67 g/t Au channel sample.

References

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).

Reid, R. O., and McDougall, J., 2004. EL. 29/2003 Gowrie Park, Annual Report to December 2004. TasGold Ltd. Tasmanian Company Report (TCR ?).

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: NC27 Drill Log

Appendix 2: Rock Chip Data & Geochemical Analysis

EL	Sample Number	Lab Number	Easting	Northing	Au ppm	Cu ppm	Pb ppm	Zn ppm	Ag ppm	As ppm	Sb ppm	Bi ppm	Mo ppm	Sn ppm	W ppm	Sample Type	Sample Form	Rock Desc.
29/2003	200019	WM087492	425581	5406679	-0	21	40	26	0.3	7	3.1	42	79.8	114	1170	grab	float	weathered granite, minor semi-pervasive sil, black bladed wolfram? xtals to 7mm (2%), dss py tr to 1% locally
29/2003	200020	WM087492	425581	5406679	-0	57	12	41	0.2	7	4.2	410	52.7	39.5	436	comp	float	mostly crm/lt brn med to cg q-f-granite
29/2003	200021	WM087492	425796	5406777	-0	28	111	69	0.1	33	1.3	0.9	2	41.9	28.8	comp	o/c	mixed lt bn hornfels with minor q-vn's, dbn hematitic(w) hornfels biot(w/m) and weak silicified skarn (1.5m wide) py(tr)
29/2003	200022	WM087492	425823	5406805	-0	30	54	163	0.3	23	2.1	2	0.6	1300	5.7	comp	o/c	outcrop relict cg sst and fg laminated hornfels slst q-vn(w), local gar/actinolite/serp skarn(m/s)
29/2003	200023	WM087492	425851	5406843	-0	51	18	46	0.1	8	0.6	1.1	4.1	32.7	34.8	comp	float	bn and gn perv sil(m/s), patchy serp(s, w overall), dss py 4%, mag(w) pyrrh? (width >2m)
29/2003	200024	WM087492	425864	5406839	-0	16	20	17	0.1	12	0.7	0.9	1.7	23.9	20.8	comp	float	crm and brn hornfels, sil(m/s), py(tr)
29/2003	200025	WM087492	425910	5406819	-0	134	28	140	0.2	900	1.1	80	0.6	367	30.8	comp	o/c	ourcrop fg magnetite/skarn(garnet?)
29/2003	200026	WM087492	425910	5406819	-0	22	13	198	0.2	766	0.8	22	0.7	265	16.1	grab	o/c	massive mag/skarn
29/2003	200027	WM087492	425950	5406810	-0	30	31	60	0.1	20	0.7	4.4	0.7	30.2	5.2	comp	float	dgrey skarn? sil(s), py (4%)
29/2003	200028	WM087492	425896	5406798	-0	13	18	58	-0.1	30	0.7	1	1.8	13.5	5.7	comp	o/c	dbn/gn fg hornfels, q-vn locally (w), minor bn and crm sil(w) hornfels
29/2003	200029	WM087492	425880	5406760	-0	7	23	74	-0.1	13	0.8	0.5	0.8	23.5	14.5	comp	float	spotted hornfels, mag (w/m), mag and mica vnd(w/m); and fg grey and weathered crm vfg hornfels, locally lam bnd

Appendix 3: NC 20 Drill Hole Assay Data

Hole_ID	From	To	Spl_Id	Au_ppm	AuR_ppm	Ag_ppm	Cu_ppm	Pb_ppm	Zn_ppm	Lab Batch
NC20	46	47	498693	0.46						WM088218
NC20	47	48	498694	0.07						WM088218
NC20	48	49	498695	0.06						WM088218
NC20	49	50	498696	0.02						WM088218
NC20	50	51	498697	0.12						WM088218
NC20	51	52	498698	0.03						WM088218
NC20	52	53	498699	-0.01						WM088218
NC20	53	54	498700	-0.01						WM088218
NC20	54	55	498087	0.02						WM088218
NC20	55	56	498088	-0.01		3.8	139	949	2070	WM088218
NC20	56	57	498089	-0.01		2.7	92	1570	385	WM088218
NC20	57	58	498090	0.04		11.4	81	4140	480	WM088218
NC20	58	59	498091	-0.01		0.4	48	157	69	WM088218
NC20	59	60	498092	-0.01		0.5	49	113	51	WM088218
NC20	60	61.3	498093	0.01		0.8	287	166	485	WM088218
NC20	76	77	498689	0.04						WM088218
NC20	77	78	498690	0.04						WM088218
NC20	78	79	498691	0.02						WM088218
NC20	79	80.5	498692	0.02	0.02					WM088218

Appendix 4: Digital Data

List of appended digital data files:-

EL292003_200509_01_Digital_Files
EL292003_200509_02_Report
EL292003_200509_03_NC27_Drill_Log
EL292003_200509_04_Located Rock Chip Data
EL292003_200509_05_Original Rock Chip Analysis
EL292003_200509_06_Located Drill Hole Data
EL292003_200509_07_Original Drill Hole Analysis