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EL29/2003 – Gowrie Park

Retention Licence Application

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Summary

TasGold fell short of the required expenditure during the 2004/5 tenure year and consequently at the request of MRT are applying to convert EL29/2003 (Gowrie Park) into a Retention Licence covering 2 separate areas containing inferred resources in the Higgs (205,000tonnes @ 2.7 g/t Au, 1.38% Pb, 1.07% Zn and 41g/t Ag) and Stormont (135,000t @ 3.44 g/t Au, 0.21% Bi) areas (Figure 2). The Narrawa and Stormont requested Retention Licence areas cover 9 and 4skm as square bordered areas with NW corners of 424000mE, 5408000mN and 418000mE, 5407000mN (AMG66, Zone 55), respectively.

These areas lie within the intrusion-related gold prospective Dolcoath Granite aureole and have significant potential for upgrading and delineating further Au resources, which TasGold plans to aggressively pursue. Key to this directive are the significant advances made by TasGold in understanding the mineralisation in the Narrawa Creek area. During the two years of EL29/2003 tenure TasGold have drilled 15 holes for 1001m. Conversion of EL29/2003 to two separate RL's is required to capitalise upon this work.

The Higgs Gold Mine inferred resource has been extended to the south east and remains open. The current known extent is 50m beyond Jervois's previous resource boundary, with interpretation also indicating potential to expand to the north west. A further separate as yet poorly defined lode with resource potential also exists ~50m to the north east. The remainder of the area has excellent untested potential in the form of untested and minimally tested gold in soil anomalies, some of which remain open outside the existing grid area.

The likely development strategy for the proposed RL areas involves mining several small resources, including the Higgs (and satellites deposits) and Stormont inferred resources, with toll treatment at nearby facilities (eg. Intech – Hellyer). Alternatively, depending upon the extent of resources delineated, a stand alone central mill facility for ore benefication could be constructed. The commodity forecast price outlook is favourable for resource development.

Introduction

This report details supporting documentation accompanying an application for conversion of EL29/2003 to 2 retention licences covering the Higgs (Au-Pb-Zn-Ag) and Stormont (Au-Bi) inferred resource areas. Note that potential for greisen related Sn, W and Mo mineralisation exists, particularly in the Narrawa Creek area, but is not a primary focus of this report.

Data for the Narrawa Creek area is derived largely from TasGold's exploration which during the last two years of tenure has focused upon resource definition at the Higgs Gold Mine and surrounding Narrawa Creek area. Work here is ongoing, with resource drilling resuming in September, 2005. The Higgs inferred resource estimate was compiled by TasGold's Tasmanian Exploration Manager – Robert Reid (B.Sc [Hons], M.Sc [Econ Geol]). Details for the Stormont area, where TasGold intend to expand and better define the known resource is derived from previous company reports.

Aspects covered include resource calculations for the Higgs and Stormont inferred resources, exploration potential of the RL application areas, development strategies, mining and treatment methods, infrastructure requirements, logistics, price and demand forecasts and environmental factors. These details have been compiled by TasGold with input on more specific mining matters from consultant Mining Engineer Alistair Campbell.

Location, Access and Land Use

The current 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.

The Higgs and Stormont areas under RL application are located ~20km south west of Sheffield and 40km from Devonport. This close proximity to regional townships will provide good access for an appropriately skilled workforce and transport of equipment and consumables to operate a mine. The existing Cradle Mt Link Road would be utilised for road transport of ore for toll treatment.

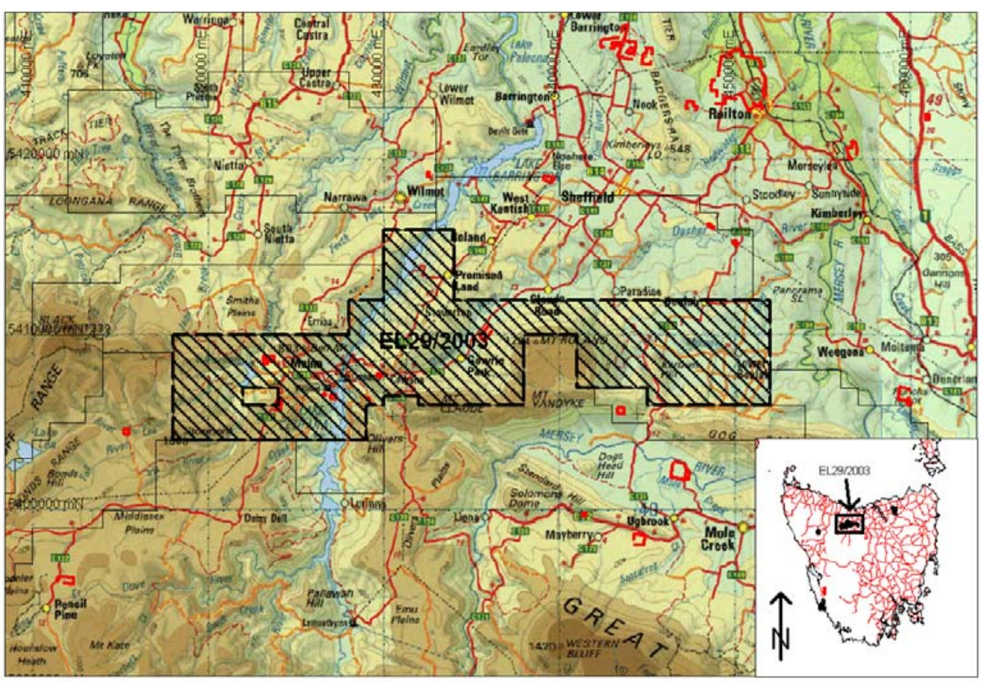


Figure 1: Location of EL29/2003

Tenure

EL21/99 was granted to TasGold following a successful ERA tender in 2003 (8/11/2003). 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. The current tenure covers 203 square kilometres with the annual renewal date being 24th October (Figure 1).

TasGold fell short of the required expenditure during the 2004/5 tenure year and consequently at the request of MRT are applying to convert EL29/2003 (Gowrie Park) into a Retention Licence covering 2 separate areas containing inferred resources in the Higgs and Stormont areas (Figure 2). These areas have significant potential for upgrading and delineating further Au resources as well as potential for as yet undiscovered resources, as indicated by a combination of soil sampling, ground EM and drilling. The Narrawa and Stormont requested Retention Licence areas cover 9 and 4skm as square bordered areas with NW corners of 424000mE, 5408000mN and 418000mE, 5407000mN (AMG66, Zone 55), respectively.

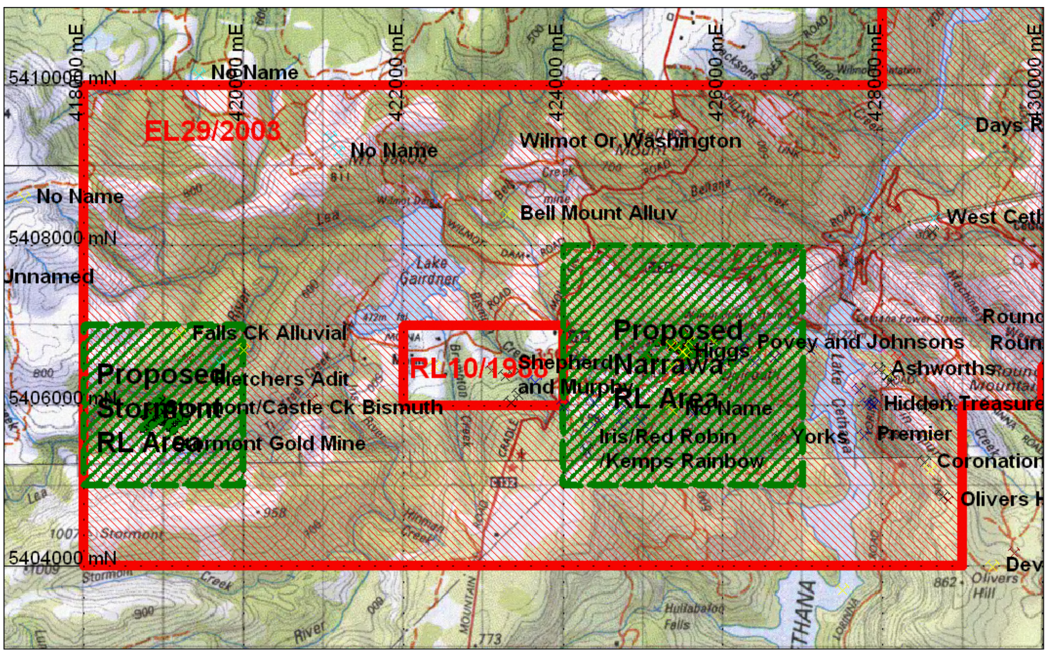


Figure 2: Retention License areas under application.

The Narrawa Creek proposed RL area covers the extent of known Au in soil anomalism with an approximately 500m enveloping buffer. This buffer allows for further soil sampling to test open anomalies at the outer extents of the known survey area. Similarly, the proposed Stormont RL area provides a buffer around the known mineralisation.

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.

The current 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 $\sim 50km^2$ 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 RL Application Area

Higgs Geology and Mineralisation

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. Salient features for consideration in TasGold's revised inferred resource estimate for the Higgs Gold Mine are outlined below.

Models for mineralisation are developing but 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 likely model and will be further investigated. Further notes on Narrawa Creek geology are provided in Reid and McDougal (2005).

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. One possibility is that the airborne EM is responding to sulphidic skarn and mineralisation located in syncline hinges, possibly within skarnified calcareous beds located at lower structural levels by folding.

At Higgs, drilled mineralisation in disseminated to semi-massive form strikes ~120 degrees with 65 to 70 degree NE dip and is interpreted to be stratabound, lying on the western limb of an anticline with a moderately steep NE inclined fold axis and shallow NW plunge. Strong mineralisation within NC12 probably represents near anticlinal axis concentrated mineralisation with shallow to moderately dipping mineralisation across the creek to the NE in the NC01 area representing the eastern limb of the anticline. Skarn and calc-silicate alteration is interpreted to form along faults and to lie in the core of the anticline, in the footwall to basemetal – gold mineralisation and is apparently coincident with a VLFEM anomaly, proximal to the south east of Higgs. Figure 3 illustrates an evolving pre greisen mineralisation model for Higgs / Narrawa Creek mineralisation.

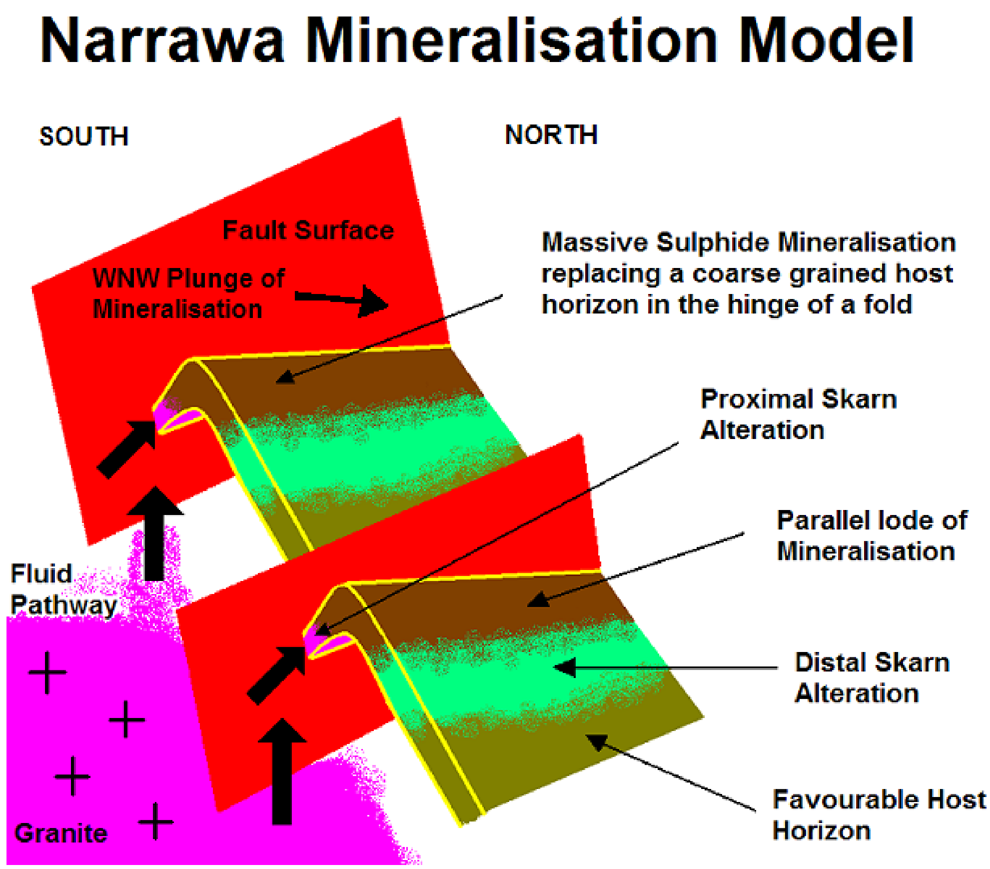


Figure 3: Narrawa Creek mineralisation model (pre-greisen)

North west striking, moderately NE dipping faults are evident at the western margin of the Higgs Mine mineralisation and through Narrawa Creek itself, with offsets adjacent to anticlinal axis. These faults locally host massive base-metal bearing veins (such as in NC22). The existence of north – south to south east trending faults inferred by Jervois cannot be confirmed but these faults likely exist. The existence of the roughly east – west trending Narrawa Creek Fault cannot be confirmed.

Northwest striking, moderately southwest dipping greisen veins, locally bearing remobilised base metals, are evidently late overprinting the primary north east dipping base metal mineralisation. A similarly orientated north west striking, south west dipping late brittle style fault has recently been identified along the south western margin of the Higgs inferred resource. This fault separates mineralised host rock from little altered quartz sandstone in the hanging wall (SW) and is evident on sections 5925 and 6015mE. Identification of this structure provides scope for delineating further resource north west of the Higgs Inferred Resource. The fault drilled in NC07 in this location was previously interpreted to be the Narrawa Creek Fault, but is now considered likely to represent the aforementioned southwest dipping brittle fault with mineralisation potential inferred beneath this drill hole.

Semi-pervasive and disseminated sulphide zones extend deeper than the current inferred resource 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 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 1, 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 1: Correlation coefficients for drill core geochemical analysis

The following figures illustrate metal zonation at Higgs on the most highly mineralised section, 5925mE.

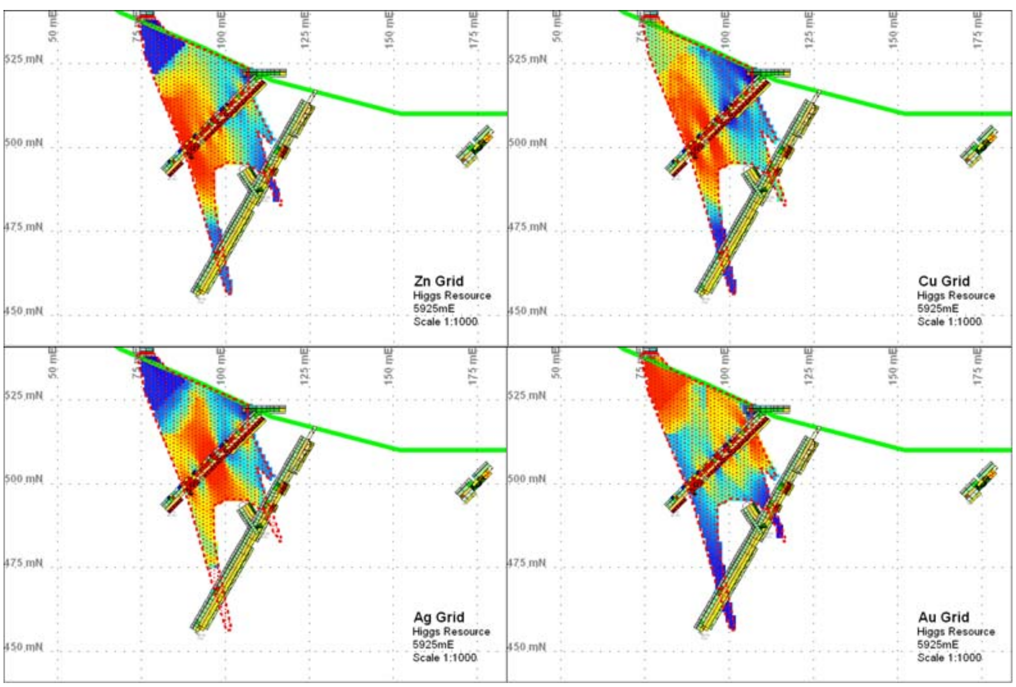


Figure 4: Comparison of metal distribution at Higgs, Section 5925mE

Work Completed - Narrawa Creek Drilling

TasGold Ltd. have undertaken significant work in the Narrawa Creek area, which they wish to capitalise upon via conversion of the current EL29/2003 to RL. 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 two years of tenure, 15 drill holes for 1001m have been completed and drilling is currently ongoing. A ground magnetics survey (Figure 5) complimented drill planning and was accompanied by limited geological mapping. Capture of geochemical and drill hole digital data has been undertaken.

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 @ 2.65 g/t Au. The intersections were accompanied by 1-2% Pb, 1-1.5% Zn and 23 g/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 through 32 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. Table 2 below lists the best intersections included in the Higgs Gold Mine Inferred Resource, whilst Table 3 lists all TasGold significant intersections in the area to-date.

Hole_ID	Int Type	Interval	From	Au_g/t	Ag_g/t	Cu_%	Pb_%	Zn_%
NC06	main	1.2	14.5	40.42	49	0.17	9.69	7.33
NC06	main	2.75	21.1	10.8	182	0.14	6.41	5.85
NC06	main	0.65	29.65	0.01	16		1.14	1.46
NC06	main	1.45	40.85	0.01	23		1.49	1.53
NC07	main	7.2	3.1	1.25		0.15	0.31	0.07
NC07	main	0.7	15.6	13.5	92	0.21	1.03	6.92
NC07	main	0.85	21.15	2.07		0.17		0.26
NC12	main	24.4	7.1	3.52	21		1.96	1.47
NC18	main	3.5	29.7	3.97		0.08	5.07	4.22
NC19	main	1	28.2	1.01				
NC19	main	1.5	55.6	1.34			0.16	0.28
NC20	main	7.5	38.5	0.26				
NC22	main	14	48	0.98	92	0.08	6.82	4.37
NC22	main	2	64	1.5	17	0.15	1.59	1.74
NC23	main	1	28	-0.01	8	0.1	0.84	1.13
NC25	main	1.5	0	25.2				
NC27	main	15.4	40	2.74	7.09	0.13	0.47	0.49
NC27	including	9.3	40	4.53	7.63	0.13	0.65	0.63
NC27	including	1	40	0.12	20.00	0.09	2.33	1.83
NC27	including	3.8	42	10.90	-5.00	0.21	0.09	0.04
NC27	including	9.6	45.8	0.03	10.54	0.11	0.43	0.55
NC28	main	16.9	34	0.53	24.71	0.15	1.09	1.53
NC28	including	5.7	34.00	0.86	45.28	0.09	1.74	3.42
NC28	including	2.7	36	1.53	71.5	0.08	3.21	5.93

NC28	including	3.8	42.4	0.945	26.24	0.27	1.71	0.94
NC29	main	13.85	42.75	1.91	26.7	0.095	1.8	1.26
NC29	including	6.25	42.75	3.23	46.1	0.192	3.41	2.29
NC29	including	2.5	46.5	5.86	48.8	0.176	3.56	2.26
NC29	including	2	52	2.04	2.75	0.007	0.01	0.058
NC29	including	4.6	52	1.27	17.8	0.023	0.79	0.65

Table 2: Best intersections included in the Higgs Gold Mine Inferred Resource

Hole_ID	Int Type	Interval	From	Au_g/t	Ag_g/t	Cu_%	Pb_%	Zn_%
NC18	main	3.5	29.7	3.97		0.08	3.29	2.75
NC19	main	1	28.2	1.01				
NC19	main	1.5	55.6	1.34			0.16	0.28
NC20	main	7.5	38.5	0.26				
NC22	main	14	48	0.98	92	0.08	6.82	4.37
NC22	main	2	64	1.5	17	0.15	1.59	1.74
NC23	main	1	28	<0.01	8	0.1	0.84	1.13
NC25	main	1.5	0	25.2				
NC27	main	15.4	40	2.74	7.09	0.13	0.47	0.49
NC27	including	9.3	40	4.53	7.63	0.13	0.65	0.63
NC27	including	1	40	0.12	20.00	0.09	2.33	1.83
NC27	including	3.8	42	10.90	<5.00	0.21	0.09	0.04
NC27	including	9.6	45.8	0.03	10.54	0.11	0.43	0.55
NC28	main	16.9	34	0.53	24.71	0.15	1.09	1.53
NC28	including	5.7	34.00	0.86	45.28	0.09	1.74	3.42
NC28	including	2.7	36	1.53	71.5	0.08	3.21	5.93
NC28	including	3.8	42.4	0.945	26.24	0.27	1.71	0.94
NC29	main	13.85	42.75	1.91	26.7	0.095	1.8	1.26
NC29	including	6.25	42.75	3.23	46.1	0.192	3.41	2.29
NC29	including	2.5	46.5	5.86	48.8	0.176	3.56	2.26
NC29	including	2	52	2.04	2.75	0.007	0.01	0.058
NC29	including	4.6	52	1.27	17.8	0.023	0.79	0.65

Table 3: TasGold Significant Intervals To Date – Narrawa Creek Area

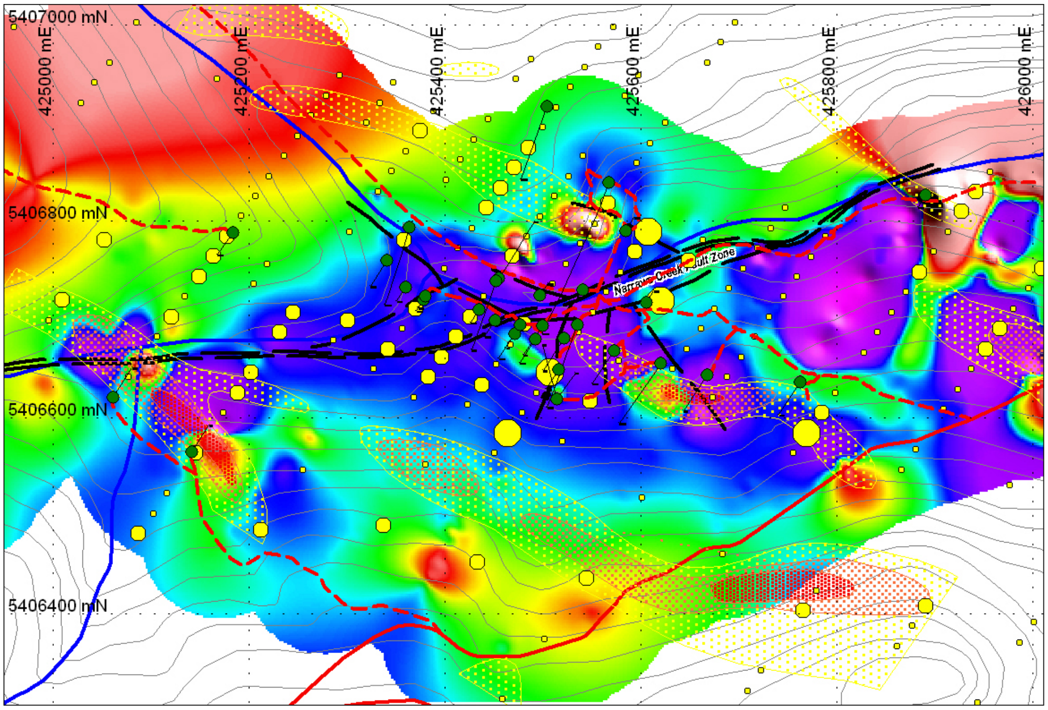


Figure 5: Ground Magnetics (not diurnally corrected), Drill Holes, VLFEM and Au in soils

The collar plan in Figure 6 displaying significant intervals for Au, Pb, Zn and Ag illustrates the differences in metal distribution and reflects the protracted mineralisation history. Significant intervals were constructed at the following cutoffs; Au 1g/t, Ag, 10g/t, Pb 1% & Zn 1%. Drill hole geology for Higgs is presented in Appendix 1.

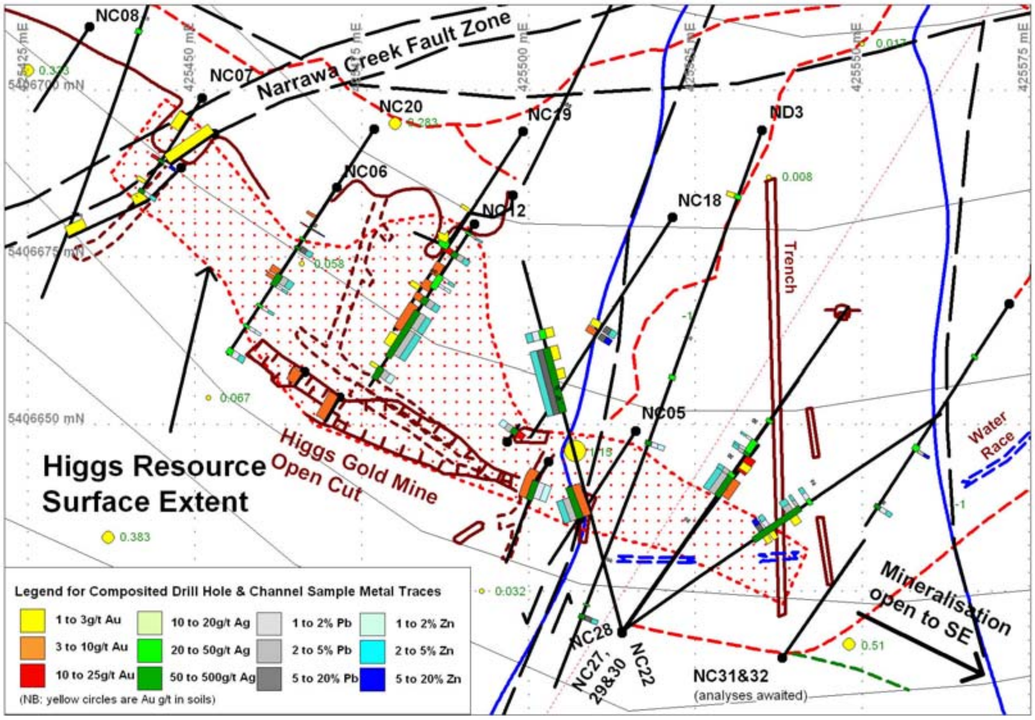


Figure 6: Higgs significant drill hole intersections

Higgs Gold Mine Resource

A previous resource estimate for Higgs is reported at 215000tonnes @ 3.5g/t Au, 1.5% Pb, 1.3% Zn and 23g/t Ag (McKenna, 2003). The Higgs estimate was very rough with calculations based upon a simple block model. Jervois interpreted the resource to lie in a fault wedge with dimensions of 85m surface strike, interpreted to reduce to 45m at 60m down dip. The body was considered to be terminated by inward dipping faults and a 65m strike length was used for their resource calculation. Subsequent TasGold work has shown that the resource is not truncated and continues to the SE.

A basic resource calculation was undertaken for Higgs to assist conversion of potential resource areas under Exploration License (EL) to Retention License (RL). Care was taken to ensure that the initial inferred resource was not over estimated. The included calculations are pre-feasibility in nature since mineralisation is open and requires further drill testing in the immediate future. The inferred resource calculation herein incorporates the entire mineralised zone to 0.5 g/t Au cutoff. The small portion of the Higgs Gold Mine that was previously mined (<4000tonnes), leaving an ~30m open cut and several adits, has been removed from the resource estimate.

Further, the inferred resource is defined by few drill holes, with uncertain geological control and no quantitative data on specific gravity or metallurgical control. Refractory ore components and affects of associated trace metals upon beneficiation are not considered. An insitu grade and not mining grade is calculated, preliminary to metal beneficiation tests.

The revised Inferred Resource of 205,000tonnes @ 2.7g/t Au, 1.38% Pb, 1.07% Zn and 41g/t Ag calculated by TasGold is similar to that of Jervois with the mineralisation cut off their estimate by subsequent drilling being added in new mineralised strike extensions (Table 4). The inferred resource stated has potential to be high graded, particularly within the better portions including sections 5925E, 5950E and 5975mE, where late stage base metal rich sulphide veins could be considered separate to the more widespread gold mineralisation. Gold mineralisation is open at present, particularly to the southeast and most likely to the northwest, with further drilling required to extend the resource.

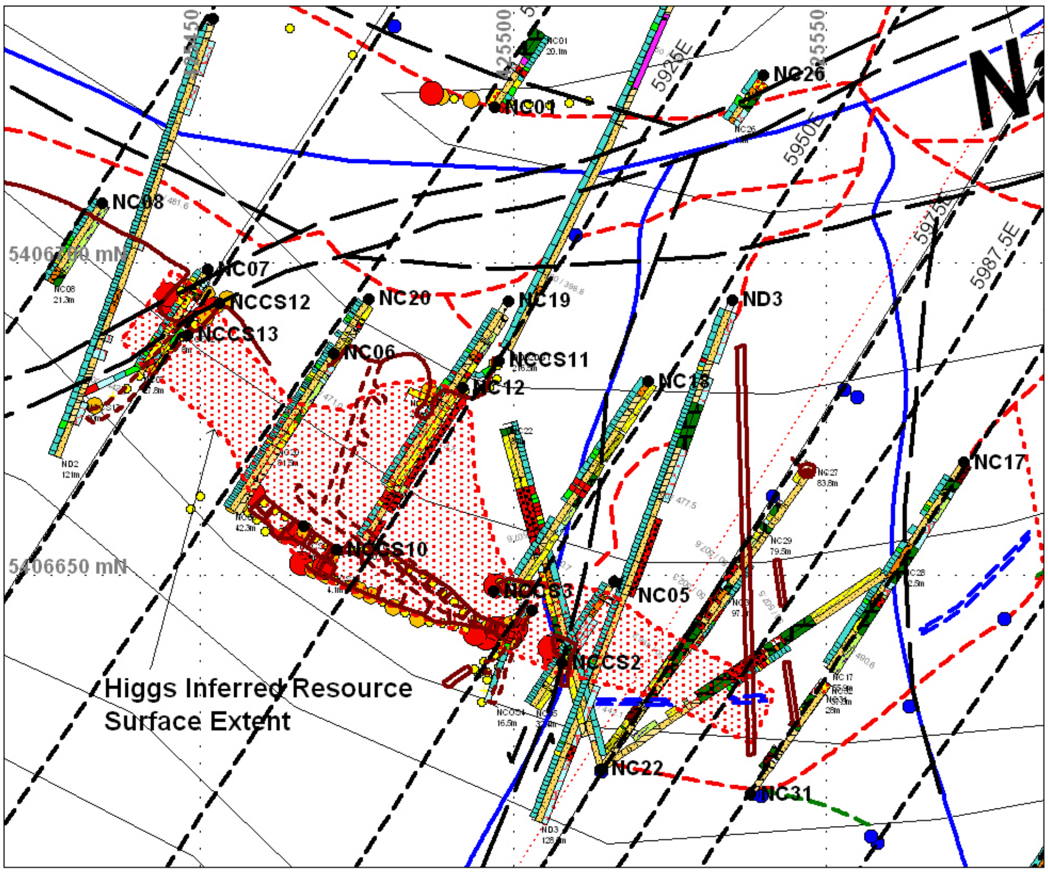


Figure 7: Higgs Gold Mine showing mining features, channel sample Au, Drill holes displaying geology, alteration and Au.

Higgs Inferred Resource		
Jervois (TCR 03_4846) - Higgs Resource		
Length	65	From 5875 to 5940E (m)
Thickness	20	Average of NC6 and 12 intersections (m)
Depth	60	Double the depth of NC12 (m)
SG	3	assumes 12% sulphides
Less	4000	maximum estimate of past mining (Tonnes)
Less	15000	maximum estimate of losses due to slope (Tonnes)
Grade		Weighted average of NC6 and 12
Total		215000tonnes @ 3.5g/t Au, 1.5% Pb, 1.3% Zn and 23g/t Ag
TasGold - Higgs Resource		
Length	115	From 5875 to 5987.5E; extends >6000mE = 130m (m)
Thickness		Variable ~5 to 20m
Depth		Variable ~25 to 60m
SG	3.1	assumes 17% sulphides (incl. 2% galena & 1% sphalerite)
Grade		Sectional analysis utilising Mapinfo add on Discover
Total		209,000tonnes @ 2.7g/t Au, 1.38% Pb, 1.07% Zn and 41g/t Ag
Less	4000	maximum estimate of past mining (Tonnes; Jervois)
Total		**205,000tonnes @ 2.7g/t Au, 1.38% Pb, 1.07% Zn and 41g/t Ag**

Table 4: Comparison of Jervois (2003) and TasGold Higgs Inferred Resources

Section (mE)	Width	Tonnes	Au g/t	Ag g/t	Cu %	Pb %	Zn %
5875	15	24,204	1.13	12.1	0.05	0.11	0.23
5900	25	45,131	2.93	77.5	0.07	1.16	1.03
5925	25	90,255	3.08	26.5	0.04	1.33	0.98
5950	25	27,207	2.4	67	0.67	3.18	2.12
5975	15	15,737	3.52	20.7	0.12	1.19	0.76
5987.5	10	6,580	0.72	33.2	0.17	1.4	2.1
Totals		**209,113**	**2.69**	**40.88**	**0.14**	**1.38**	**1.07**

Table 5: Sectional Resources

Methodology

Resources were calculated on a sectional basis, utilising the Mapinfo add on Discover, which uses a two dimensional inverse distance weighted interpolator to produce a grid of interpolated values within the boundary defined for the resource. Boundaries were based upon geological reasoning and analysis results with each sections digitised resource boundary interpolating open mineralisation no further than half a section width down dip (typically ~ 10 to 12.5m). Search envelope widths for each section were extended half way either side to the next section. See Appendix 2 for drill sections utilised in the inferred resource calculation.

A local grid exists at approximately 25m centres, with section width distances being relatively accurately known. Exceptions are the NC07 section at the NW end of the resource area, which is 20m spaced with the final SE section (5987.5E) being 10m spaced. Mineralised bounds for the inferred resource blocks were placed at 0.5g/t Au cut off. Open intersections were typically only extrapolated a further 10m on section. Parameters set include a search ellipse orientated to mineralisation at -65 (25 * 10m) and a specific gravity of 3.1g/cm^3 corresponding to ~20% (assuming 17% pyrite, 2% galena & 1% sphalerite) sulphides within sediments of approximate SG 2.6g/cm^3. Note that the density of the host sediments and mineralisation at Higgs has not been directly measured. Estimates from averages provided in Berkman (1995) are utilised.

Data

The drill hole database has been validated further, with particular attention paid to down hole analysis. The area has been crudely resurveyed with GPS, topolite and compass to determine and confirm past recorded distances between drill holes and mining features. Most drill holes should be within 2m of their accurate locations.

Assay data is reported for elements Au, Cu, Pb, Zn and As for most drill holes. However, analysis data are incomplete. Some drill holes within the Higgs Resource area report Au analysis only. Similarly, As and Cu are not always reported. Arsenic is not considered in the resource estimate, although this element typically ranges from below detection limit to near percent levels. Silver is not reported for NC18 or 19, with sparse analysis in NC20. Most sampling has been undertaken at intervals of 1m or less with composite samples only collected in apparently less mineralised or barren zones.

Gold analysis show positively skewed distribution. A cut off at 2.53g/t would be required considering all analysis data. The spike of near zero values that don't represent the potential ore body was removed. With subsequent consideration of all anomalous samples of greater than 0.5g/t Au and 0.1g/t, the 97.5percentile falls at 25g/t Au and 12.6g/t respectively. (Similarly 13.5g/t at >0.25g/t range). Thus skewness (and nugget effect) is removed with a cut off around 13.5g/t Au and the resulting resource calculation should not over estimate the average grade.

Channel rock chip sampling data from within the workings and exposed faces was included where the sampling ran perpendicular to the mineralisation. Parallel channel sampling intervals near NC07 and above NC5, are 7 and 2m separated, respectively. In these cases a single drill hole equivalent trace with averaged equivalent sample intervals is substituted for the proximal channel samples. The results included Au values to 6.6g/t.

It's noteworthy that the Jervois drilling was undertaken with small BQ sized core which may not reflect the gold grades as accurately as the thicker NQ and HQ core drilled by TasGold. For example gold analysis from drill hole NC28 illustrate the spotty/erratic nature of the gold at Higgs (Table 6), indicating that recognition of significant alteration is important and providing confidence to further assess areas of past near economic drill intersections (eg. at West Higgs).

Sample	Cu	Pb	Zn	Ag	As	Au
	ppm	%	%	ppm	ppm	ppm
200060	2790	4.17	2.10	49	250	1.14
200060a	n/a	n/a	n/a	n/a	n/a	2.60
200060b	n/a	n/a	n/a	n/a	n/a	**8.66**
200060c	n/a	n/a	n/a	n/a	n/a	**0.37**
200068	1810	0.04	0.57	7	250	n/a

Table 6: Au repeat analysis from NC28 showing spotty/nuggety gold.

Potential Additional Resources and Proposed Exploration – Narrawa Creek

A requirement for application for a Retention License is sound geological evidence of additional potential ore reserves. Such potential clearly exists as is evidenced by the widespread significant Au mineralised intersections obtained from drilling outside the Higgs inferred resource area (Table 7).

Gold in soil anomalies are widespread within the Narrawa Creek area, many of which remain untested. The proposed RL boundary encloses the entire area of gridding and soil sampling. Anomalous gold in soils is evident at the grid margins in all directions and therefore a buffer around this area of 500m is included in the RL boundary request. An obvious area where gridding needs to be extended lies in the far southern portion of the existing grid, where a gold anomaly (to 0.242g/t Au) is delineated by two grid lines. This anomaly appears to be coincident with a NW trending structure, interpreted from regional magnetics, paralleling the regional scale Bismuth Creek Fault. Further, anomalous Au in stream sediments is evident north of the proposed RL area, coincident with a linear airborne EM anomaly.

Specific potential resource areas not factored into the current Higgs Gold Mine resource calculation include:

- Extensions to the known Higgs Gold Mine inferred resource (SE and NW).
- Untested anomalous gold in soils upslope from the Higgs workings to 2.97g/t Au.
- West Higgs where channel sampling returned values to 58.67g/t Au. This area is poorly understood with drill holes NC10, 11 and ND1 passing beneath the workings returning little. However potential exists in light of recent advances in geological understanding.
- NC01 area where assessment via excavator trenching and channel sampling returned significant results including 0.8m @ 5.79g/t Au, 1080ppm Cu, 3.72% Pb, 5.83% Zn and 48g/t Ag. Drill testing is currently underway. Base and precious metal mineralisation here apparently dips -45 NE and may represent the eastern limb of the postulated shallow to moderately NW plunging fold with moderately to steeply inclined NE dipping fold hinge line passing between NC01 and the Higgs Gold Mine SW across the creek.
- NC04 area where drilling results including 6.9m @1.07g/t Au from 5m are yet to be followed up.

- Narrawa Reward Mine area where NC02 returned 2.4m @ 2.53g/t Au, 60.6g/t Ag, 0.58% Pb & 1.53% Zn.
- Packets and West Packets
- South eastern VLFEM anomaly highlighted by an untested 0.97g/t Au in soil.

Further notes pertaining to the potential and planned work in these areas follow.

Hole_ID	Significant Interval
DD82DG1	3.7m @0.42g/t Au, 19g/t Ag, 1.27% Pb & 1.33% Zn from 94.5m
NC01	2m @4.26g/t Au, 11g/t Ag, 0.86% Pb & 0.64% Zn from 0m
NC01	1.4m @4.34g/t Au, 33g/t Ag, 2.76% Pb & 3.91% Zn from 9.5m
NC04	6.9m @1.07g/t Au from 5m
NC09	0.4m @3.28g/t Au from 1.3m
NC10	1.2m @1.82g/t Au from 39.9m
NC13	1m @2.4g/t Au, 0.07% Zn & 0.13% Cu from 56.6m
NC14	1.85m @1.26g/t Au from 32.15m
NC16	3.7m @1.19g/t Au & 0.06% Zn from 23.8m
NC16	0.8m @1.07g/t Au & 0.08% Cu from 45.8m
NC16	1m @1.13g/t Au & 0.12% Cu from 49.5m
NC17	1m @0.79g/t Au from 11.5m
NC17	2.2m @0.16g/t Au, 21g/t Ag, 1.13% Pb, 4.55% Zn & 0.2% Cu from 35.6m
NC17	1m @0.1g/t Au, 27g/t Ag, 1.1% Pb & 1.28% Zn from 50.7m
NC23	1m @-0.01g/t Au, 8g/t Ag, 0.84% Pb, 1.13% Zn & 0.1% Cu from 28m
NC25	1.5m @25.2g/t Au from 0m
ND1	1m @5.76g/t Au, g/t Ag & 0.13% Pb from 92m
ND1	1m @0.58g/t Au from 98m
ND3	1m @1.17g/t Au, 12g/t Ag & 0.49% Pb from 16m
ND3	9m @4g/t Ag, 0.27% Pb, 0.29% Zn & 0.01% Cu from 57.5m
ND3	1m @0g/t Au, 27g/t Ag, 1.3% Pb & 0.94% Zn from 73.5m
ND3	0.4m @0.39g/t Au, 14g/t Ag, 0.4% Pb, 0.71% Zn & 0.11% Cu from 110.2m
ND3	1m @0.62g/t Au, 62g/t Ag, 5.3% Pb, 3.8% Zn & 0.1% Cu from 112.5m

Table 7: Narrawa Creek Significant Intersections (Not including Higgs Resource drill holes)

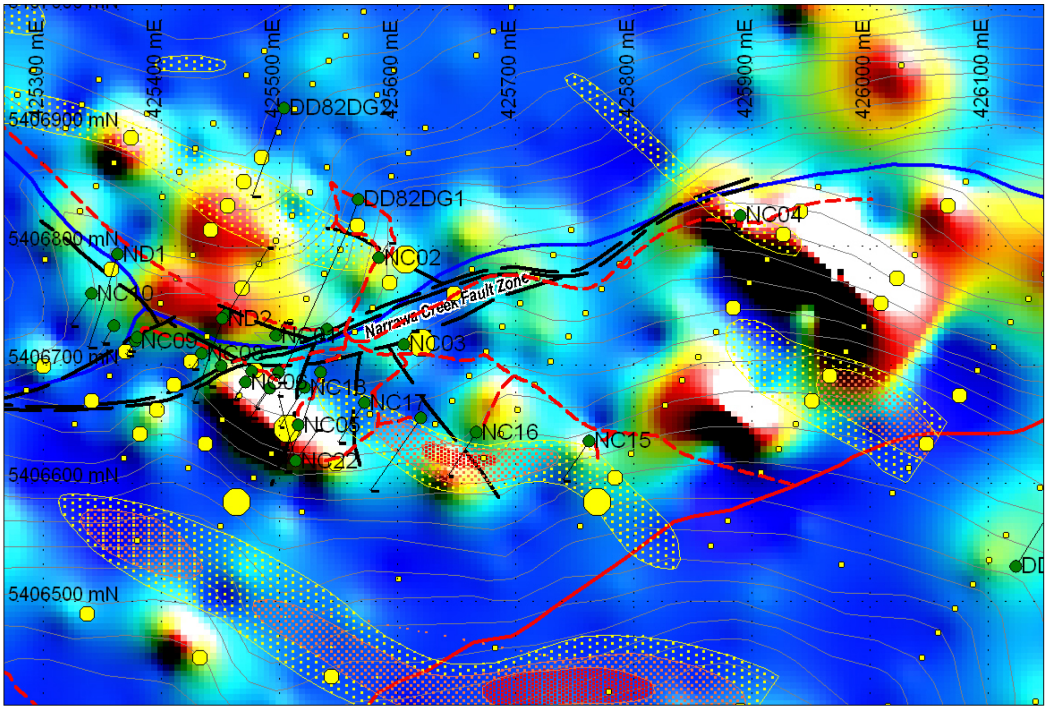


Figure 8: Narrawa Creek Potential Drill Targets (displaying drill holes, gridded Zn and thematic Au in soils and VLFEM).

TasGold Ltd. embarked upon a 6-8 week drilling program involving up to 10 diamond drill holes for a total length of 580-1000m during late September 2005. Drilling priorities are dependent upon changes made to the understanding of mineralisation within the exploration licence. Table 8 outlines potential drill targets defined to-date and submitted to MRT in the current work program. This list is long and has been prioritised; note that some targets have already been tested during the current drilling program.

Hole_ID	Easting	Northing	RL	Azimuth	Dip	Depth	Priority	Comment
PNC1	425514	5406619	543	35	-70	60	1	Test plunge Au mineralisation - done
PNC2	425540	5406615	544.1	35	-45	55	1	Test plunge Au mineralisation, SE of Higgs – done and extended.
PNC3	425417	5406475	627	215	-45	80	2	Test 0.3g/t Au & mag high between Packetts and West Packetts workings, elevated Pb (Zn, As) in soil
PNC4	425481	5406738	513.2	25	-45	35	2	Test gossan proximal to NC25, returning 1.5m @ 25.2g/t Au – done results awaited
PNC5	425538	5406615	544.1	35	-60	75	2	Test plunge Au mineralisation, SE of Higgs - done
PNC6	425542	5406663	527.1	215	-45	50	2	Test Higgs SE extent and mineralisation orientation - done
PNC7	425555	5406679	521.8	215	-45	80	2	Test Higgs SE extent - done
PNC8	425563	5406629	540.8	215	-45	40	2	Test SE Higgs strike extent - done
PNC9	425579	5406643	535.2	215	-45	60	2	Test SE Higgs strike extent - done
PNC10	425847	5406820	487.1	35	-45	45	2	Test waterfall Skarn
PNC11	425913	5406821	486.5	215	-45	30	2	Test 25m SE of NC04, which returned 6.9m @1.07g/t Au
PNC12	426054	5406641	552.7	215	-45	35	2	Test coincident VLFEM and 0.967ppm Au in soils – follow up soil sample results awaited
PNC13	425220	5406499	617.6	215	-45	40	3	Test 0.342ppm Au in soils; nearby NC14 returned 2m @~1.2ppm Au drilling a 0.3ppm anomaly
PNC14	425438	5406759	522.5	0	-90	15	3	Test gossan proximal to NC25, returning 1.5m @ 25.2g/t Au

PNC15	425442	5406464	625.2	215	-45	40	3	Test 0.3g/t Au between Packetts and West Packetts workings, elevated Pb (Zn, As) in soil
PNC16	425505	5406450	610.5	215	-45	45	3	Test Packetts Workings, 0.15g/t Au and Pb (Zn, As) in soils
PNC17	425514	5406619	545	230	-45	100	3	Test 2.97ppm Au in soils upslope from Higgs
PNC18	425553	5406680	520.1	215	-60	100	3	Test Higgs SE extent - done
PNC19	425558	5406607	550	35	-45	50	3	Test SE extent Au mineralisation, SE of Higgs - done
PNC20	425562	5406653	531	215	-45	50	3	Test Higgs SE extent above NC17- done
PNC21	425761	5406572	581.7	35	-45	35	3	Test 3.89ppm Au in soil; coincident VLFEM; NB possibly tested by NC15- mineralisation orientation?
PNC22	425848	5406820	487.1	35	-60	60	3	Test waterfall Skarn at depth if warranted
PNC23	425943	5406834	478.7	215	-45	70	3	Test NC04 magnetite skarn along strike to SE; subject to DDH results
PNC24	425996	5406733	519.3	35	-45	60	3	Test 0.267ppm Au SE & along strike from NC04 magnetite skarn
PNC25	425214	5406460	628.9	35	-45	50	4	Test 0.342ppm Au; unfavourable orientation but no track work required
PNC26	425345	5406503	618	215	-45	40	4	Test 0.14ppm soil Au and West Packetts workings
PNC27	425414	5406773	527.9	0	-90	20	4	Test gossan proximal to NC25, returning 1.5m @ 25.2g/t Au
PNC28	425510	5406704	512.7	215	-45	80	4	Test erratic Au distribution beneath NC12 and 19.
PNC29	425557	5406608	549.5	35	-65	70	4	Test SE extent Au mineralisation, SE of Higgs / NC27; subject to DDH results
PNC3	425573	5406773	509.3	35	-45	50	4	Test beneath NC02 (Narrawa Reward) which returned 2.4m @ 2.53g/t Au, 60.6g/t Ag, 0.58% Pb, 1.53% Zn
PNC30	425911	5406783	503.7	35	-45	60	4	Test 0.267 Au coincident with base metals in soils; 7m @ 1g/t Au in nearby NC4.
PNC31	425953	5406763	508.4	35	-45	70	4	Test 0.267 Au coincident with base metals in soils
PNC32	425946	5406658	556.7	35	-45	65	5	Test coincident 0.142ppm Au and VLFEM anomaly
PNC33	426058	5406642	552.7	35	-45	70	5	Test 0.967g/t Au in soils co-incident with VLFEM anomaly.

Table 8: Potential drill targets at Narrawa Creek

Higgs Gold Mine Resource Extension

TasGold plan to further test the potential South Eastern lateral extensions of the known Higgs mineralisation. Significant mineralisation is now known to extend a further 20m beyond the inferred resource quoted herein and is still open.

Interpretation indicates that potential also exists to expand the inferred resource to the North West. This is detailed in the section on Narrawa Creek and Higgs geology above.

NC04 Area.

This anomaly comprises a south east aligned Au, Zn, Pb and Cu soil anomaly coincident with a strong magnetic high and weak VLFEM anomaly. NC04 returned 6.9m at 1.07g/t Au from outcropping magnetite skarn at the NW end of this anomaly. Untested skarn also outcrops along strike to the NW in the creek and a foliated skarn mineralised zone, reaching maximum intensity over several metres, is evident on the slope to the south east of NC04. Laminated and thin bedded sandstone and siltstone here displays disrupted and fractured appearing bedding. This unit of >2m thickness is moderately silicified and skarn altered. This location is coincident with a 0.267g/t gold (& 0.15% Zn) in soil anomaly, located 100m along strike SE from the 0.717g/t Au (& 0.48% As) soil anomaly near NC04.

An initial proposal entails drill testing the creek skarn outcrop from the existing track. Subject to results, drilling from the existing track allows for testing of an approximate 100m strike length of the skarn, covering the western half of the anomaly. Note that the initial testing may be drilled in an unfavourable direction and creating new track access from upslope to the south may improve this, whilst allowing the eastern portion of the anomaly to be drill tested (Figure 9).

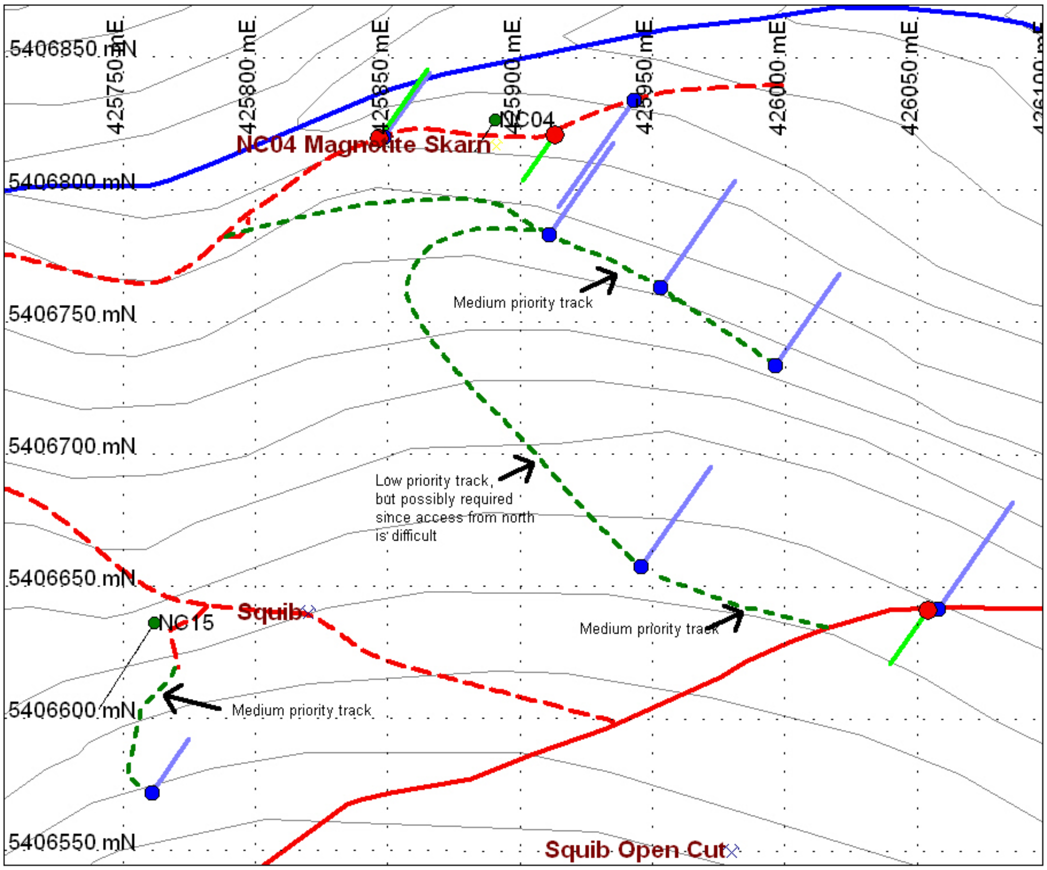


Figure 9: Proposed NC04 Area Drill Collars

Packetts - West Packetts Trend

Packetts and West Packetts workings comprise trenches, short adits and shallow shafts, which lie on a pronounced linear gold anomaly (0.1 to 0.342ppm Au), extending from the NC13 area through to the Dolcoath Hill Road. The zone between Packetts and West Packetts is base metal anomalous (to 1550ppm Pb) and marked by a strong magnetic high. Quartz-wolframite-cassiterite veins and pyrite-hosted gold were historically mined.

The Packetts workings lie within a shallow gully, suggesting that they were located by following alluvial gold upstream. Considering this and the pronounced Au in soil anomaly extending through this area, as well as the nature of the sulphides reported from Packetts, a stratabound form for Au occurrence is supported. 1.1g/t Au was returned from Goldfields Exploration rock channel sampling at Packetts.

A first pass priority drill target is the 0.3ppm Au in soil anomaly, lying on the Au in soil linear between Packetts and West Packetts. This anomaly lies adjacent to a strong magnetic anomaly (further ground magnetics infill is required) and can be tested by an 80m drill hole. The best drill orientation is probably to the south west given the mostly shallow to moderate northerly dips mapped by MRT (1:25000k Cethana Geology Map). Lower priority short drill holes of 40 to 45m will suffice to test the workings.

The proposed track access to Packetts area readily allows for drilling along the strike length of the gold anomalous zone should results from initial drill holes be favourable (Figure 10). Initial track work here simply accesses the priority drill hole.

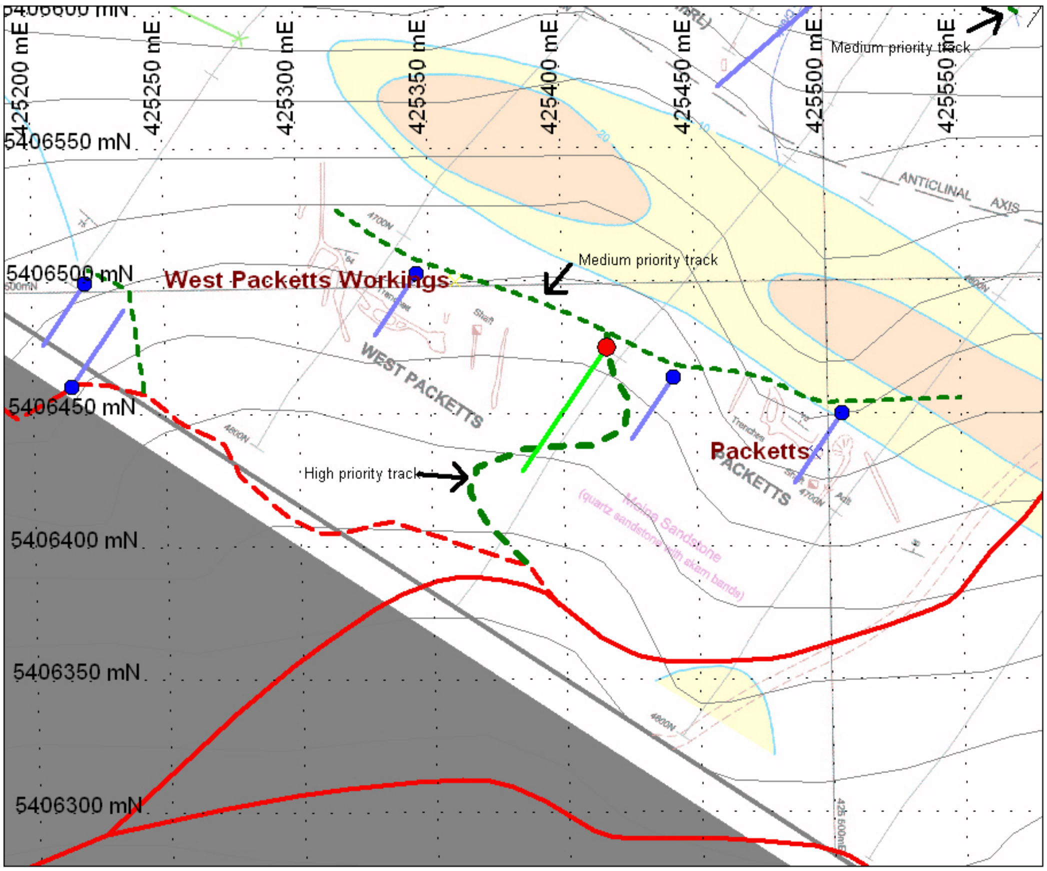


Figure 10: Packetts Area – Proposed drill collars and access tracks

Notes on gold at Packett's workings (McIntosh Reid, 1919)

The lode at Packett's was originally worked for gold in the late 1890's and consisted of a trench in friable ferruginous sandstone. The main trench is cut by narrow quartz-wolframite-cassiterite veins. One wolframite vein (with little cassiterite) was noted to have some fine gold and abundant pyrite. Gold is concentrated in pyrite, which is said to contain 3.1 g/t Au (2 pennyweights). A second trench (270 feet long and 5-12 foot deep) described as being 30m (one chain) above the water race in the west of the lease is also said to contain soft pyritic sandstone with unpayable amounts of free gold.

NC01 Area

The NC01 drill hole returned 10.9m @ 1.31g/t Au when testing outcropping sulphide mineralisation in the road cut and along strike the gossanous collar of NC25 returned 1.5m @ 26.7g/t Au. A series of very short drill holes along the existing track as well as new tracks upslope are planned. Assessment via excavator trenching and channel sampling recently returned significant results including 0.8m @ 5.79g/t Au, 1080ppm Cu, 3.72% Pb, 5.83% Zn and 48g/t Ag (see Table 9). Drill testing is currently underway. Base and precious metal mineralisation here apparently dips -45 NE and may represent the eastern limb of the postulated shallow to moderately NW plunging fold with moderately to steeply inclined NE dipping fold hinge line passing between NC01 and the Higgs Gold Mine SW across the creek.

Waypoint / Trench	Easting (AMG66)	Northing (AMG66)	Sample Number	Sample Type	Analyses	Brief description
4	425531	5406723	201589	channel	0.6m @ <0.01g/t Au, 110ppm Cu, <0.01% Pb, 0.01% Zn and 1g/t Ag	moderately silicified quartz porphyry dike?
5	425521	5406723	201590	channel	1m @ <0.01g/t Au, 140ppm Cu, 0.01% Pb, 0.01% Zn and 1g/t Ag	quartz veined gossanous silica-pyrite altered fine grained sandstone
9	425498	5406723	201591	channel	1m @ 1.41g/t Au, 150ppm Cu, 0.31% Pb, 0.03% Zn and 5g/t Ag	weathered hematitic fine grained sandstone
9	425498	5406723	201592	channel	0.5m @ 2.27g/t Au, 1370ppm Cu, 1.65% Pb, 1.13% Zn and 54g/t Ag	Semi-massive sulphide including massive pyrite zones and minor galena
10	425493	5406725	201593	channel	0.8m @ 5.79g/t Au, 1080ppm Cu, 3.72% Pb, 5.83% Zn and 48g/t Ag	Semi-massive to massive sulfide, including 20+% galena over 20cm
10	425493	5406725	201594	channel	0.7m @ 6.62g/t Au, 290ppm Cu, 2.65% Pb, 0.06% Zn and 50g/t Ag	limonitic coarse-grained gossan
12	425483	5406730	201595	channel	1.2m @ 0.07g/t Au, 300ppm Cu, 0.03% Pb, 0.03% Zn and 2g/t Ag	gossanous fine to coarse grained sandstone with skarn and silica-pyrite overprint
17	425442	5406748	201596	channel	1m @ 0.02g/t Au, 720ppm Cu, 0.03% Pb, 0.03% Zn and 3g/t Ag	Strong silica-pyrite (5 to 10%) alteration
17	425442	5406748	201597	channel	1.2m @ 0.03g/t Au, 1060ppm Cu, 0.01% Pb, 0.01% Zn and 2g/t Ag	Strong silica-pyrite (5 to 10%) alteration
18	425434	5406754	201598	channel	1.4m @ 0.08g/t Au, 60ppm Cu, <0.01% Pb, 0.01% Zn and 1g/t Ag	Strongly silicified, weakly hematitic fine grained sandstone

Table 9: Narrawa Creek Channel Sampling Results

Narrawa Reward

Potential exists to drill test beneath NC02, which returned 2.4m @ 2.53g/t Au, 60.6g/t Ag, 0.58% Pb & 1.53% Zn. Bedding is hard to define near Narrawa Reward, however a NE dip is indicated on the northern side of the adit and combined with outcrop form to the immediate SW, it appears as if the drive accesses an anticlinal fold closure.

NC24 Area.

A track was created by excavator, along the ridge extending NNW from NC24 during 2004. Difficult drilling in faulted broken ground was encountered in NC24, with the hole abandoned prior to testing significant Au in soil anomalism. Further work is likely for this area, subject to positive outcomes in understanding the ore's distribution from other drill holes.

Squib Mine

A quartz>wolframite>bismuthinite>molybdenite vein and potential greisen target exists here. The Squib Mine is located within several hundred metres of Higgs, between and immediately NW of drill holes NC15 and 16. The existing access track to Higgs, extending SE up the Narrawa Creek valley slope passes immediately by the Squib Mine. Drill testing from this track is possible, but unfavourable since the loads are reported to dip 320/-45W, effectively a down dip drilling direction if targeted from the road.

South eastern VLFEM / Au Soil Anomaly

A strong soil anomaly (0.97 ppm Au) coincident with a moderate VLFEM trend is located beside Dolcoath Hill Road, at 5200N on line 6400E. Subcropping skarn in an oxidised zone covers the track adjacent to the soil anomaly. Results are awaited from confirmatory soil and rock chip sampling.

Stormont RL Application Area

TasGold's GIS data compilation for the Stormont Deposit is largely complete with drilling expected to follow data evaluation. 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.

Details pertaining to past exploration, mining, and the known resource follow.

Previous Exploration and Mining

The following history of exploration in the Stormont area is largely after Purvis (2000).

The historic Stormont Mine comprises a 40m long and 8m deep open-cut, with a 40m long adit, excavated into a body of mineralised skarn between 1928-34. These operations produced 6.3t of gravity separated bismuth concentrate containing 63% bismuth and 91 oz of gold.

Modern large-scale systematic exploration of the area was initiated by Mt Lyell Co. in 1965. Following an aeromagnetic survey they cut a grid extending from the Lea River to the Cradle Mountain Road, with a detailed follow up grid over the skarn in the Stormont Mine - Fletchers Adit area. Soil sampling and gradient array IP was undertaken on this grid, delineating a large skarn with modest bismuth-in-soil and IP anomalies north of the Lea River opposite Fletchers Adit. No drilling was undertaken and no further work was completed since their size estimate for the mineralised skarn body (250,000 tonnes) was regarded as too small. Mt Lyell withdrew in 1972.

From 1974-79 the licence area which covered the Stormont Mine was part of a major exploration effort by Comalco, who discovered and drilled out the nearby Moina Deposit (26 million tonnes @ 18% CaF_2). The surrounding area was explored for similar mineralisation, with gridding covering almost the entire area at 50m spacing. Geological mapping, soil sampling, magnetics and drilling were undertaken. A gradient array IP survey over the Stormont Mine and Fletchers Adit by Comalco revealed skarn extensions SW of Stormont, as well as and east and west of Fletchers Adit. No drilling was undertaken.

In 1983, Gold Fields Exploration (GFEL) took up the Stormont area after it was dropped by the Comalco JV. GFEL's target was gold and they determined all streams draining north from Mt. Stormont were anomalous in gold. Channel sampling of the old workings at the Stormont Mine returned values up to 42m @ 9.56 g/t Au & 0.5% Bi. Sampling of the final face in the adit, showed that previous mining stopped in ore grading 36.5 g/t Au and 1.1% Bi.

From 1988 to 1990 GFEL drilled 21 holes at Stormont Mine and 9 near Fletchers Adit. The most significant intersections were in the Stormont skarn; 13m @ 4.1 g/t Au, 0.46% Bi (SD1); 2.1m @ 12.8 g/t Au, 0.35% Bi (SD3) and 5.4m @ 2.5 g/t Au, 0.1% Bi (SD10).

Despite encouraging drill results GFEL withdrew in 1991 and over the subsequent five years Goldstream-Titan exclusively focused on drilling at the Stormont Mine (Purvis, 2000).

During the 10 year period of exploration on what was then EL 20/92, almost $430,000 was spent on 41 diamond drill holes (mostly at Stormont) and two regional helicopter-borne geophysical surveys (Magnetics and EM). A JV operated by Jervois during the latter half of the tenements tenure outlined a resource of 135,000t @ 3.44 g/t Au and 0.21%Bi, and recommended continued exploration of the poorly explored Western Syncline to potentially increase the resource (initial drilling showed encouraging results, 2m @ 3.5 g/t Au and 0.2% Bi. (DDH ST04) (McKenna, 2003).

After initial interest in retaining the resource at Stormont, Jervois officially relinquished the ground in 2003 and the land was subsequently picked up and is currently held by by Tasgold Ltd. In total approximately 57 drill holes have been completed in the Stormont area.

Stormont Geology and Mineralisation

The local stratigraphy at Stormont consists of 80m of Ordovician-aged Denison Group Moina Sandstone overlain by 20m of transition bed shales/calc-silicates, which are in turn overlain by 40m of Gordon Limestone (Gordon Group). The limestone is altered to andradite garnet skarn which hosts the Au and Bi mineralization, above a depleted magnetite skarn.

Honours student A.C.Taylor concluded in his thesis “Gold Bearing Skarns of NW Tasmania” that the Stormont mineralization is hosted in a gold skarn with high pyroxene/garnet ratio and is deficient in base metal sulphides. The skarn has experienced abundant retrograde alteration and resulted in part from late stage reduced fluids that produced mineralization with locally high Au and Bi grades (Taylor, 1990 in Newnham, 1996).

Gravity Data suggests that Stormont is located on top of an elongated, west plunging granite cusp located at approximately 500m depth. Interpretation of regional magnetics suggested that the Stormont Bisimuth Mine lies on a significant long lived Cambrian-aged regional NW trending structure which cuts the Devonian granite as well as the Cambrian Dove Granite (Newham, 1993).

Three interpreted NW-SE trending and south plunging synclines are indicated in the immediate area. The central syncline hosted the historic Stormont workings and undeveloped skarn-hosted gold-bismuth inferred resource (Figure 11). Stronger mineralisation within the skarn at the Stormont Mine is associated with NW-trending thrust faults. The eastern and western synclines host the same alteration and mineralization styles however gold and base metal mineralization is of lower tenor/width. Potential to expand the resource by exploring the western syncline to the north west of drill hole STO4 (Figure 11), in the untested peak of an aeromagnetic anomaly, as well as to the southeast exists.

The skarn is known to be at least 35m thick within a syncline plunging gently north west and terminated north of old open cut by Moina Sandstone in the steep Lea River valley. Moina Sandstone outcrop to south suggests the syncline is terminated under thin basalt 200-300m south of current drilled area.

A stacked thrust model is proposed for the Stormont-Fletchers area, which includes at least four north west trending thrusts. Opportunity to increase size of the Stormont mineralized zone exists to the south east. Moina Sandstone outcrops 300m south of drilling, with the intervening area covered by thin basalt.

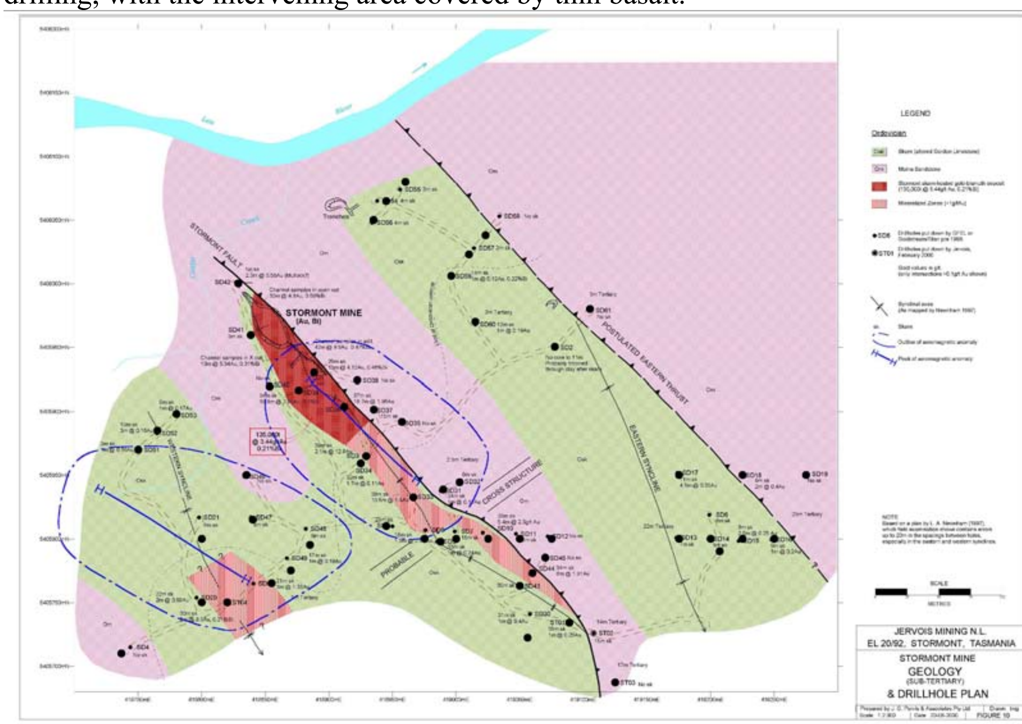


Figure 11: Stormont area geology and resources (Purvis, 2000) (Also Appendix 3)

Resource

Various resource calculations for Stormont have been made over the years. The most recent calculation states an inferred resource of 135,000t @ 3.44 g/t Au, 0.21% Bi, equating to an ~20,000 oz Au inferred resource. This is based upon the three drill holes and channel sampling from the old workings (Table 9; McKenna, 2003).

Sample Location	Interval	Comment
Open cut west wall:	32m @ 4.8 g/t Au, 0.56% Bi	along strike
No.2 Cross-cut:	10m @ 5.34 g/t Au, 0.31% Bi	across strike
SD1: (vertical)	13m @ 4.12 g/t Au, 0.46% Bi	(4.5-17.5m)
SD36: (vertical)	16.7 @ 1.98 g/t Au, 0.03% Bi	(0-16.7m)
SD39: (-70◦ to ENE)	19.6 m @ 2.95 g/t Au, 0.09% Bi	(0-19.6m)

Table 9: Stormont resource defining drill holes and channel samples

The top 4.5m of SD1 was triconed, but as shown by SD36 and 39, the mineralized skarn outcrops in this vicinity and it is probable the zone in SD1 is 17.5m thick. Core recovery from the mineralized zone in SD1 was 80%, in SD36 70% and in SD39 100%. Given that some of the better grades are in faulted / brecciated material, the core losses are more likely to have lowered the grade than raised it. Channel Sampling along-strike in the adit, although within the resource has not been used as it was apparently driven on a relatively narrow unrepresentative high-grade zone; with assay of 42m @ 9.56 g/t Au, 0.50% Bi along strike (Adit east wall).

The main body of the resource extends 90m SE from the open cut, incorporating the adit, SD1, SD36 and SD39. Forty-one metres SSW of SD36, SD3 intersected 2.1m @ 12.8 g/t Au & 0.35% Bi (16.9-19m). This was beneath an interval of clayey skarn that was triconed (unsampled) to 11m and had only 10% recovery from 11-14m. The southern boundary of the resource has been drawn midway between SD36 and SD3, but additional resources in the vicinity of SD3 are likely.

The inferred resource is 90m long with an average width of 30m; a conservative estimate to allow for the synclinal shape. The average thickness, from the true width of the three drill intersections is 17m and specific gravity for the ore utilized in calculations is 2.75 (assuming 15% magnetite and 10% oxidation loss). Grade was obtained from the weighted average of the cross-cut channel results and the three drillholes. The resulting inferred resource is reported as 135,000 tonnes @ 3.44 g/t Au & 0.21% Bi (McKenna, 2003).

Potential Development Strategy

Mineralisation delineated at Higgs and Stormont exists within 50 metres of surface consequently the most likely project development path will comprise conventional open cut mining. Should depth extensions to known mineralisation be found by future exploration, consideration of underground mining methods may be necessary.

There have been no detailed economic evaluations of the Higgs and Stormont resources conducted to date. The total resource inventory delineated at this time would be insufficient to support a standalone mining and processing mine development.

A potential path to extract the deposits is a small, conventional open pit mining operation with transport of ore for toll treatment at an existing processing plant within the region. This type of development would not require significant capital expenditure thus may permit development of small scale operations.

Potential Mining and Treatment Methods

Open Pit Mining

At an appropriate juncture in exploration activities, a preliminary assessment will be conducted to test the economics of mining and toll treating the Higgs and Stormont resources. This will involve scoping level cost estimation and open pit optimisation using Whittle software. Preliminary metallurgical test work will be required to assess process recoverability of the contained metal with the mineralisation. Such testing at this stage would be premature and impractical based on the lack of appropriate material.

Until these scoping level studies are completed, determination of cut-off grades and potential extractable material estimates is not possible. Mineability factors such as grade continuity, mining dilution and recovery will need to be considered in this process.

The existing Higgs resource has a drill defined strike length of approximately 120 metres and a vertical depth of approximately 50 metres. Whilst detailed studies are required to test the economics of the delineated zones of mineralisation, the above dimensions would represent a maximum scope for the size of an open pit development. Further successful exploration may expand these dimensions.

Both waste and mineralised rock are likely to require blasting prior to excavation. Geotechnical studies and hydrogeological studies will be required before any pit design work can occur.

A separate small satellite open pit would be required to extract the Stormont resource. Newnham (1993) reported that gold was initially believed to be contained within coarse bismuthinite, which could be recovered from bisimuthinite concentrate produced by flotation or gravity. Subsequent drilling indicated that some gold occurs independently of Bisimuthinite. Note that historical production produced 6.3t of crush – grinded - gravity separated bismuth concentrate containing 63% bismuth and 91 oz of gold from approx 5-10000t mined from the small open cut.

Treatment Strategies

A toll treatment strategy is the preferred course for processing of ore.

Companies such as Intech Limited could provide an avenue for Toll Treatment. Intec Limited has purchased the 'Hellyer tailings resource' along with the processing mill. Intec is currently keeping the concentrator and infrastructure at Hellyer under care and maintenance with a view to toll treating ore. The mineralisation at Higgs may be suitable in that zinc, copper, lead, silver and gold are all targeted in recovery by the "Hellyer" process. The Zinifex Rosebery Mill has similar potential to treat Higgs ore.

Infrastructure requirements

Infrastructure requirements for a small open pit mining operation will include:

- Office complex;
- Run-of-Mine ore stockpile area;
- Workshop;
- Local power generation facility;
- Ablutions and sewage facility;
- Water supply and storage;
- Communications facility;
- Fuel storage facility;
- Sediment control dams;
- Topsoil stockpiles; and
- Explosive Magazines.

A permanent waste dump would need to be constructed to dispose of waste rock material. Prior to development of an open pit, waste characterisation studies will be required to ascertain whether there is any potential for acid rock drainage. Profiling and rehabilitation of this waste dump will occur on an ongoing basis if possible or alternatively will occur at the end of mining operations.

With a strategy to treat ore off site at a toll treatment facility there would be no requirement to construct a Tailings Storage Facility at the Higgs site.

The access road from Narrawa Creek to the main road will require upgrade to permit safe access of mine vehicles and ore haulage trucks. The approximate distance of road upgrade is 1.6km. Cutting and filling along the road route will be required in numerous areas to create the required road width. A number of creek crossings are also required. Suitable road construction materials will be identified during a latter phase of project assessment.

There will be no requirement to accommodate personnel at the site. Options to accommodate a workforce at Sheffield, Gowrie Park or Devonport will be assessed when more detailed project assessments are conducted.

Environmental Factors

The Higgs and Stormont areas are not governed by any significant environmentally sensitive classifications.

The disturbed land area for mine infrastructure, waste dump and open pit mining operations is not likely to exceed 10 hectares. This could be expanded if exploration successfully defines additional mineralisation. Additional disturbance would also be required to upgrade access roads.

A waste rock dump will be located on the site. Waste rock characterisation tests will be conducted to determine any potential for acid rock drainage that may require a specific waste management plan to be implemented.

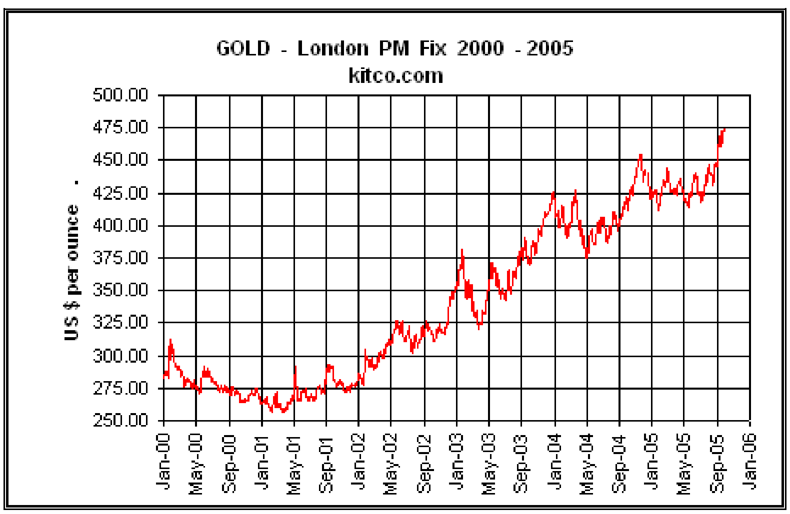
Open pit voids will remain at the end of mining operations. There is some potential for backfilling of the voids if satellite pits can be developed.

Price and demand forecasts

Whilst a market assessment is not a specific requirement of this report, the following graphs provide an indication of current favourable commodity trends.

Gold

Figure 12 shows that gold has been in a sustained price uptrend since 2001, rising from US$260 per ounce to US$475 per ounce since that time. The existing gold price produces a favourable economic environment for new mine developments.



Source: www.kitco.com

Figure 12: US$ Gold Price 2000 to 2005

Silver

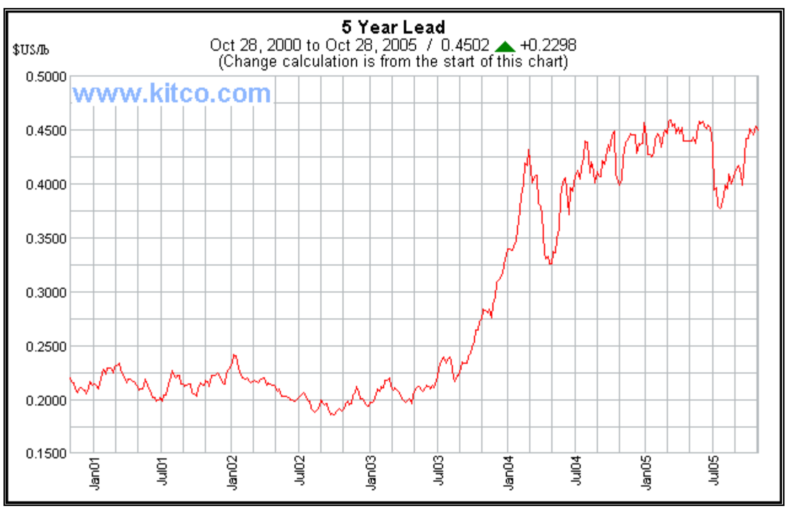
Since 2001 the silver price has risen from US$4.10 per ounce to US$7.75 per ounce, as shown by Figure 13. Silver will be an important by-product from any treatment of the Higgs or Stormont mineralisation.

Source: www.kitco.com

Figure 13: US$ Silver Price 2000 to 2005

Lead

The lead price has followed the same bull market path as other base metals and has risen from US$0.20 per lb to US$0.45 per lb since 2003.



Source: www.kitcometals.com

Figure 14: US$ Lead Price 2001 to 2005

Zinc

Figure 14 shows that the zinc price has risen strongly from US$0.35 per lb to US$0.70 per lb since 2003.

Source: www.kitcometals.com

Figure 15: US$ Zinc Price 2001 to 2005

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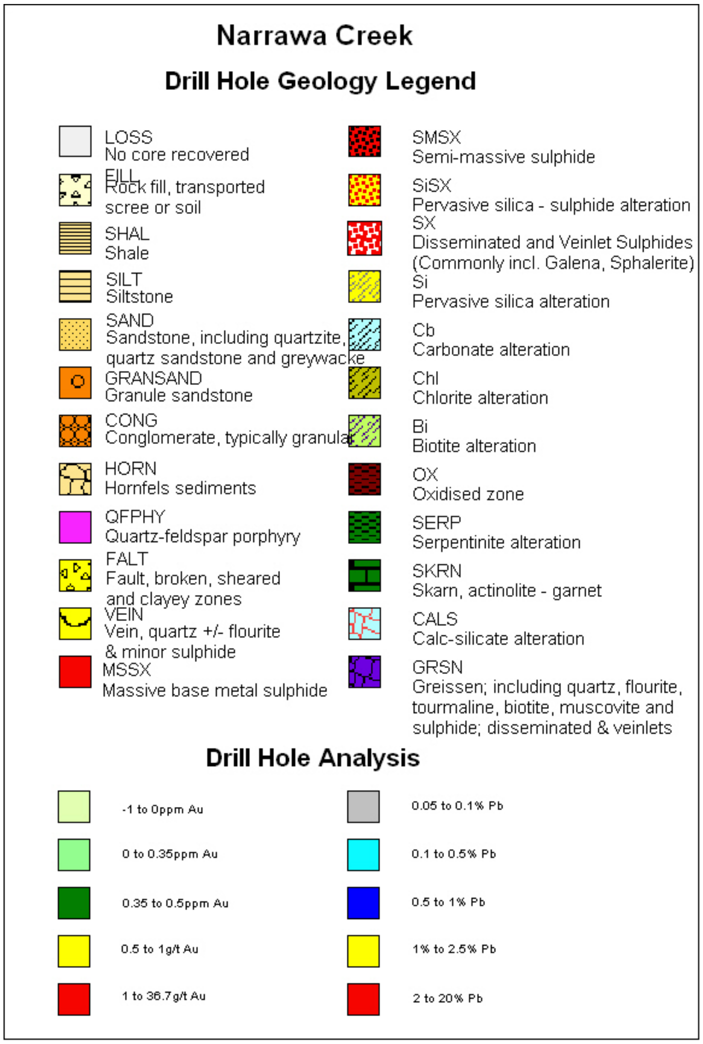
Appendices

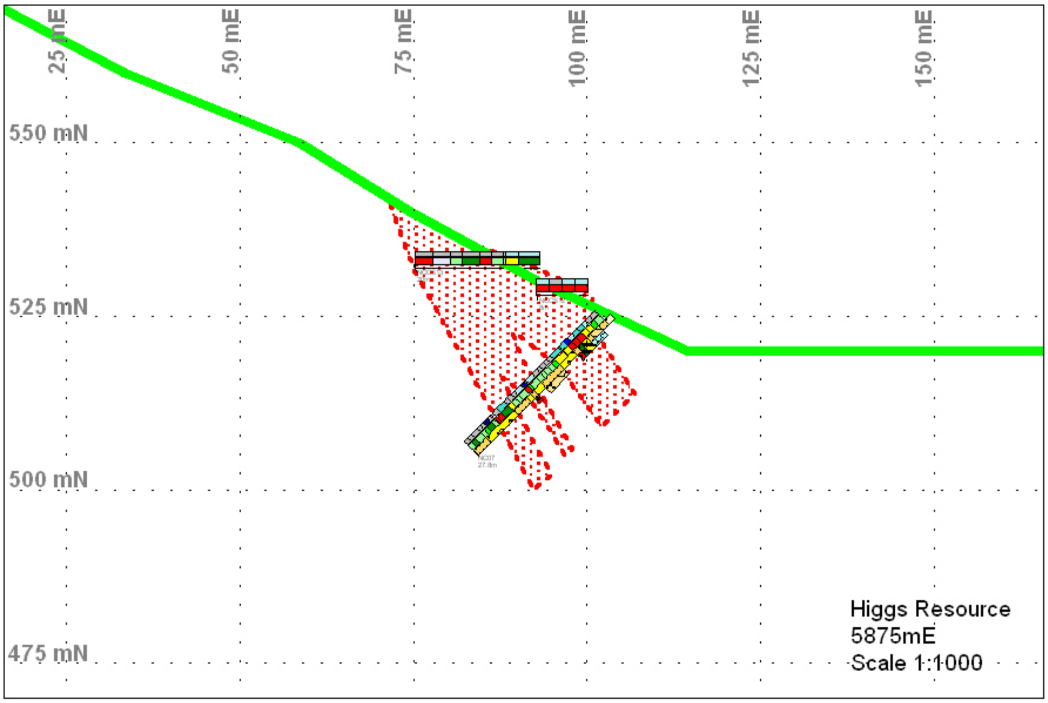
Appendix 1: Drill Hole Geology Legend



Appendix 2: Higgs Drill Sections and Notes

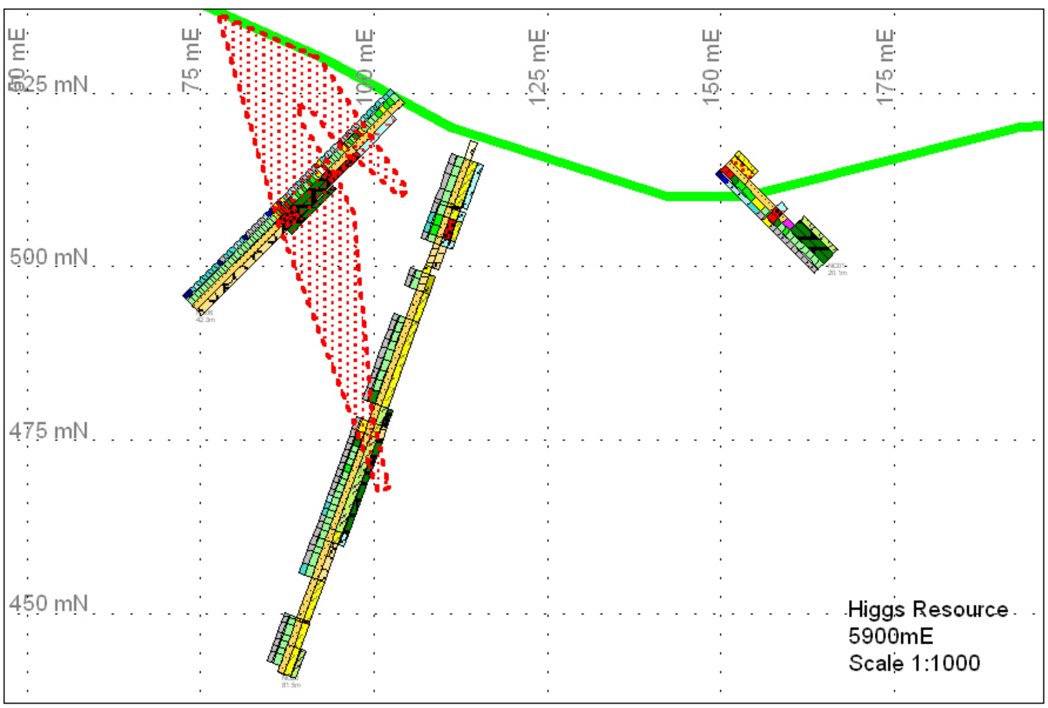
5875E

This represents the north western most section of the Higgs Inferred Resource. Mineralisation is apparently faulted off by the WNW orientated Narrawa Creek Fault Zone. Base metals are weak on this section (<0.25%).



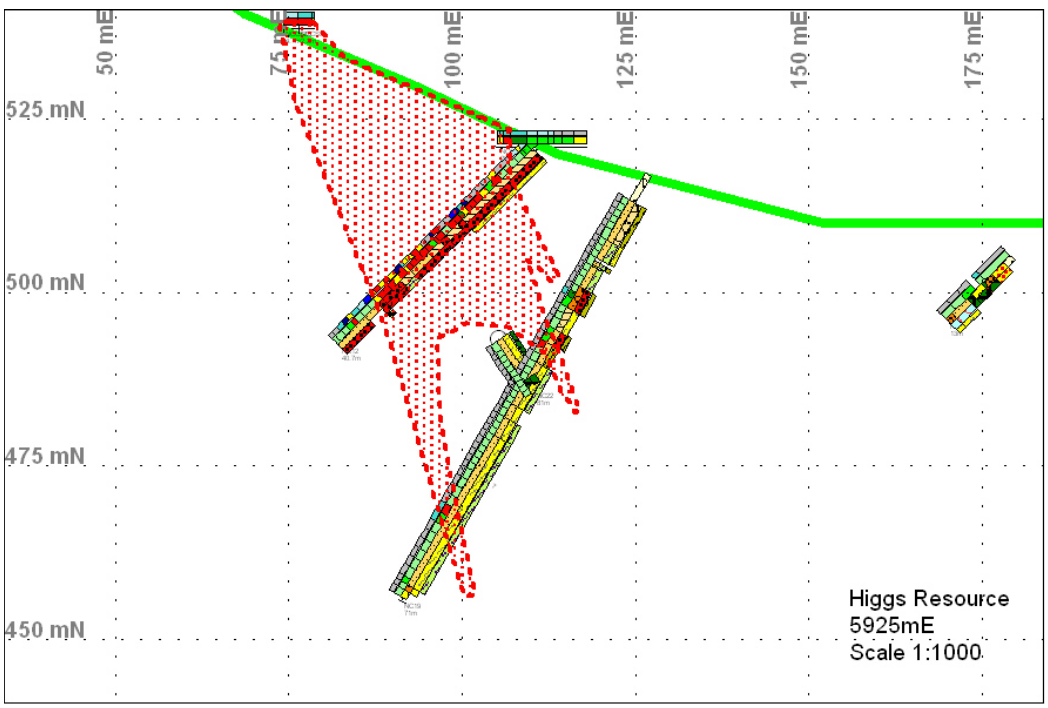
5900E

Strong gold mineralisation is intersected in NC06, which may be near a skarn interface since skarn with minimal gold is intersected down dip below in NC20.



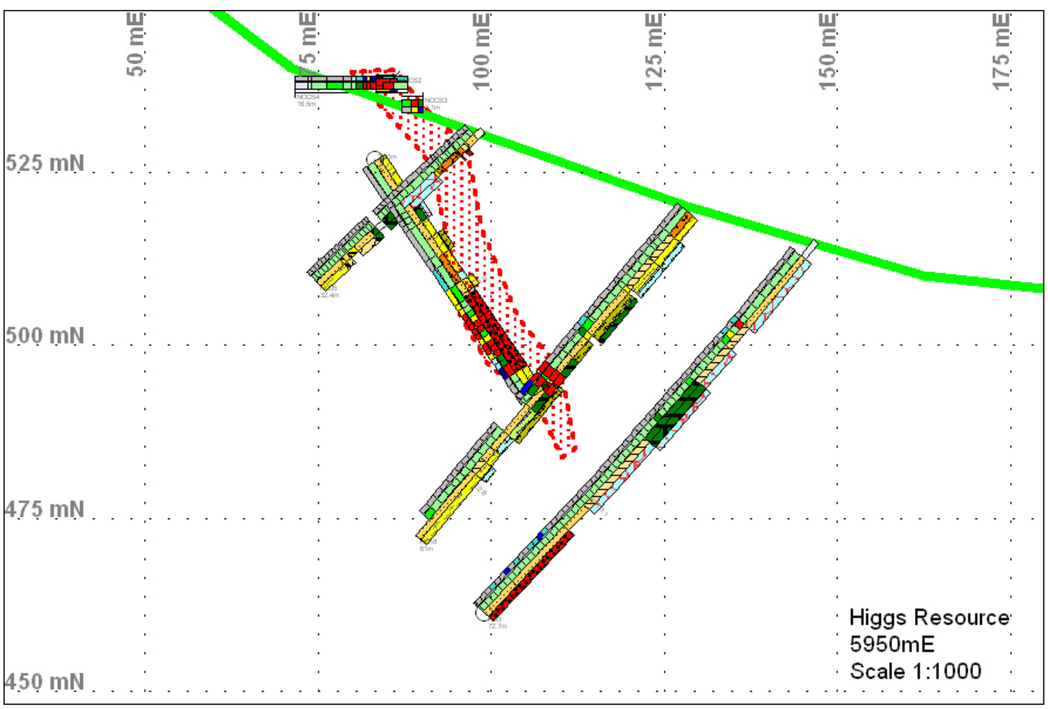
5925E

Mineralisation forms a significant broad zone on section 5925mE. A late? brittle fault of uncertain origin is evident from 38.4 to 40.6m in NC19 and may cut off the mineralisation.



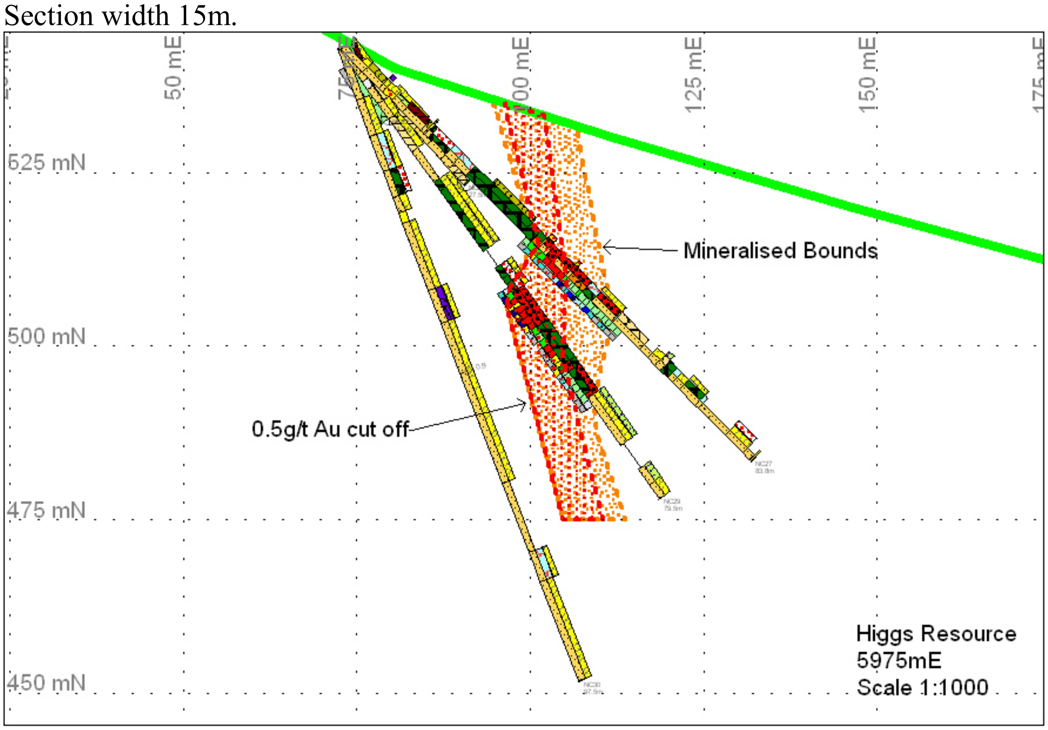
5950E

This section includes results from channel sampling at surface. The mineralised envelope passes through NC05, which was drilled with BQ sized core with significant core loss experienced. The actual ore block would probably be richer given more favourable core returns from this drill hole.



5975E

Section width 15m.



5987.5mE

The 0.5g/t Au mineralised envelope on this section (NC28 only) has width 10m and is projected to surface, approximately coincident with a 0.5g/t Au in soil analysis. Down dip the body is inferred to taper to <2.5m thickness, similar to that in NC17 located off section 10m to the SE.