P.O. Box 7996
Gold Coast Mail Centre
Queensland 9726
AUSTRALIA

Telephone: +61 (7) 5592 2274
Facsimile: +61 (7) 5592 2275
Email: info@tasgold.com.au
Internet: www.tasgold.com.au

EL20/1996 – Elliott Bay

V19 Inferred Resource Calculation

Robert Reid
Exploration Manager - Tasmania
TasGold Ltd.
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Summary

An inferred resource for the V19 mineralisation has been calculated utilising a simple block model. Two inferred resource outcomes were generated; being a conservative 460,000tonnes @ 41.5g/t Ag, 0.72g/t Au, 1.81% Pb and 3.41% Zn and optimistic 600,000tonnes @ 40.5g/t Ag, 0.67g/t Au, 1.74% Pb and 3.30% Zn.

The V19 area has significant potential for upgrading and delineating further base-metal resources. Key to this directive are the significant advances made by TasGold in understanding the mineralisation in the V19 area. The inferred resource whilst faulted off at it's southern known extent, remains open with fault offset extensions anticipated to be located to the SE along the margin of the Osmund Syncline.

The total resource inventory delineated at this time would be insufficient to support a standalone mining and processing mine development, given the considerable logistical problems faced, related to the remote nature of the project. The likely development strategy for the inferred resource awaits delineation of further mineralisation prior to a pre mining feasibility study. Given the remote nature of the area, toll treatment (eg. at Intech – Hellyer) is probably not an option or at least involves high transport costs. Depending upon the extent of further resources delineated, a stand alone central mill facility for ore benefication could be constructed. The commodity forecast price outlook is favourable for resource development. However logistical difficulties associated with access to this remote area still need to be addressed.

Introduction

This report details an inferred resource calculation for V19 base metal mineralisation at V19 (EL20/1996). The inferred resource estimate was compiled by TasGold's Tasmanian Exploration Manager – Robert Reid (B.Sc [Hons], M.Sc [Econ Geol]). The inferred resource is not JORC compliant, since Robert does not fulfil the requirements of the code as a fit person to conduct such a calculation.

TasGold Ltd. have undertaken significant work in the Wart Hill area during the 2004 to 2006 field seasons, much of which has been directed toward increasing the resource at the V19 prospect by diamond drilling with the company owned RB37 diamond drilling rig. This drilling followed up work by previous explorers Geopeko, who located massive sulphide at surface via trenching and drilled highly mineralised sulphide intersections beneath the V19 prospect. Subsequent drilling by Cyprus and Fimiston extended this discovery.

An inferred resource calculation for V19 is the primary aspect covered, with minor note on the exploration potential of the area. Other aspects pertinent to a pre-feasibility study, including the economics of ore extraction, development strategies, mining and treatment methods, infrastructure requirements, logistics, price and demand forecasts and environmental factors are not covered.

Location, Access and Land Use

EL 20/96 is located in the remote southwest of Tasmania (see figure 1) around 40 kilometres west of Strathgordon and 70 kilometres south of Strahan. Access to the area is difficult as infrastructure is minimal to non-existent. The southwest of Tasmania is exposed to the roaring forties and is often windy and wet even in mid-summer.

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

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

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

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

Previous exploration campaigns have accessed the area by helicopter and light plane either from Strathgordon or Strahan. Large equipment has been transported down the coast by boat or barge and airlifted from the deck whilst the boat/barge is sheltered in the mouth of the Mainwaring River or Cowrie Beach. TasGold's 2004 exploration campaign was mobilised in this manner.

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

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

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

A continuous presence has been maintained during field season's with weekly crew changes and supply runs via helicopter. The company owned and operated drill rig is operated 24 hours a day (2 shifts) with drillers and offsiders on a 2 week on, 1 week off roster. Geologists and field hands have typically rotated on a 2 in / 2 out roster.

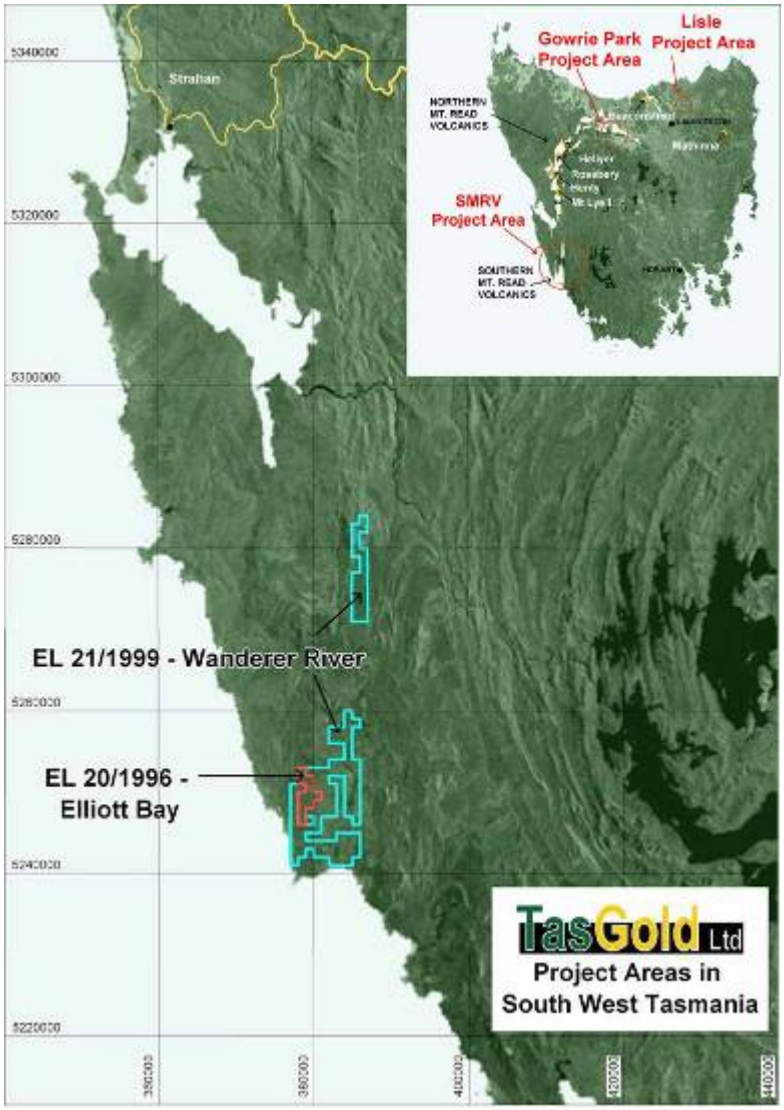


Figure 1: Location of EL20/1996

Tenure

E.L. 20/1996 was granted to Exploration and Management Consultants (EMC) in 1997. After reviewing the historic data, EMC joint ventured the EL to Fimiston Ltd in 1998 who completed two drill holes at Wart Hill and then withdrew from the JV in 1999. Much of the former EL20/1996 has been relinquished (McNeil, 1999) with the current EL occupying a remnant 11 km2. Much of the former EL has been acquired by TasGold Ltd as EL21/1999. Terms of extension for the remaining EL20/1996 have been granted to TasGold Ltd annually on the proviso they completed expenditure commitments and return significant results. Presently, Tasgold are the sole tenement holders in the Elliott Bay Region.

Regional Geology

The regional geology of the Elliott Bay area is discussed in Tasgold's Annual Report on Exploration for EL20/96 for 2004 (Callaghan, 2004).

V19 Mineralisation

The targeted mineralisation style within EL20/1996 is VHMS - related base metal mineralisation. Salient features for consideration in TasGold's revised inferred resource estimate for the V19 area are outlined below.

Models for mineralisation are developing with geological assessment continuing to unravel the complex nature of mineralisation at V19. Continuity is now demonstrated between intersections with semi-massive to massive primary ore consistently identified in the same stratigraphic position, in part disproving the debris flow breccia model for occurrence of the primary mineralisation. Note that the debris flow model is still valid locally, but such mineralised intersections are not included in the resource calculation. Incorporation of debris flow-hosted mineralised zones could increase the resource slightly through inclusion of what would logically be spotty irregular and generally low grade mineralisation. Subsequent more tightly spaced resource drilling could locally identify significant mining/ore blocks of this type, whilst better defining fault offsets. Similarities to the late stage discordant mineralisation at Hercules are also evident.

The compilation of the inferred resource for V19 has demonstrated that at least some apparent dislocation of mineralised zones is attributable to faulting. Local fault disruption / offset of the mineralisation is demonstrated, particularly in northern sections (>13155mN; figure 2). Such displacements are not significant, although interpretation indicates potential for delineating further fault offset ore at depth beneath the WD001 and 2 high grade intersections.

The form and distribution of alteration and mineralisation suggests that the inferred V19 resource lies at the periphery of a larger VHMS deposit, originally located at depth to the south. Mineralisation is demonstrated to extend from surface, down dip to the south for approximately 270m. The width of mineralised intersections typically varies up to 8m, with some reaching ~16m (eg. WD001 & 2). Near surface, fingers of VHMS are mixed with weaker or poorly mineralised intercepts, whilst thicker high-grade massive sulphide intersections are evident at depth, particularly in the vicinity

of 13080mN (WD009). Also at depth beyond the main VHMS intersections is a broad zone of strong silica-pyrite alteration in WH12A. Overall, mineralisation and alteration weaken to the north. These factors possibly reflect proximity to a stronger hydrothermal focus for VHMS mineralisation to the south. The likely form of mineralisation is schematically represented in long projection (figure 3).

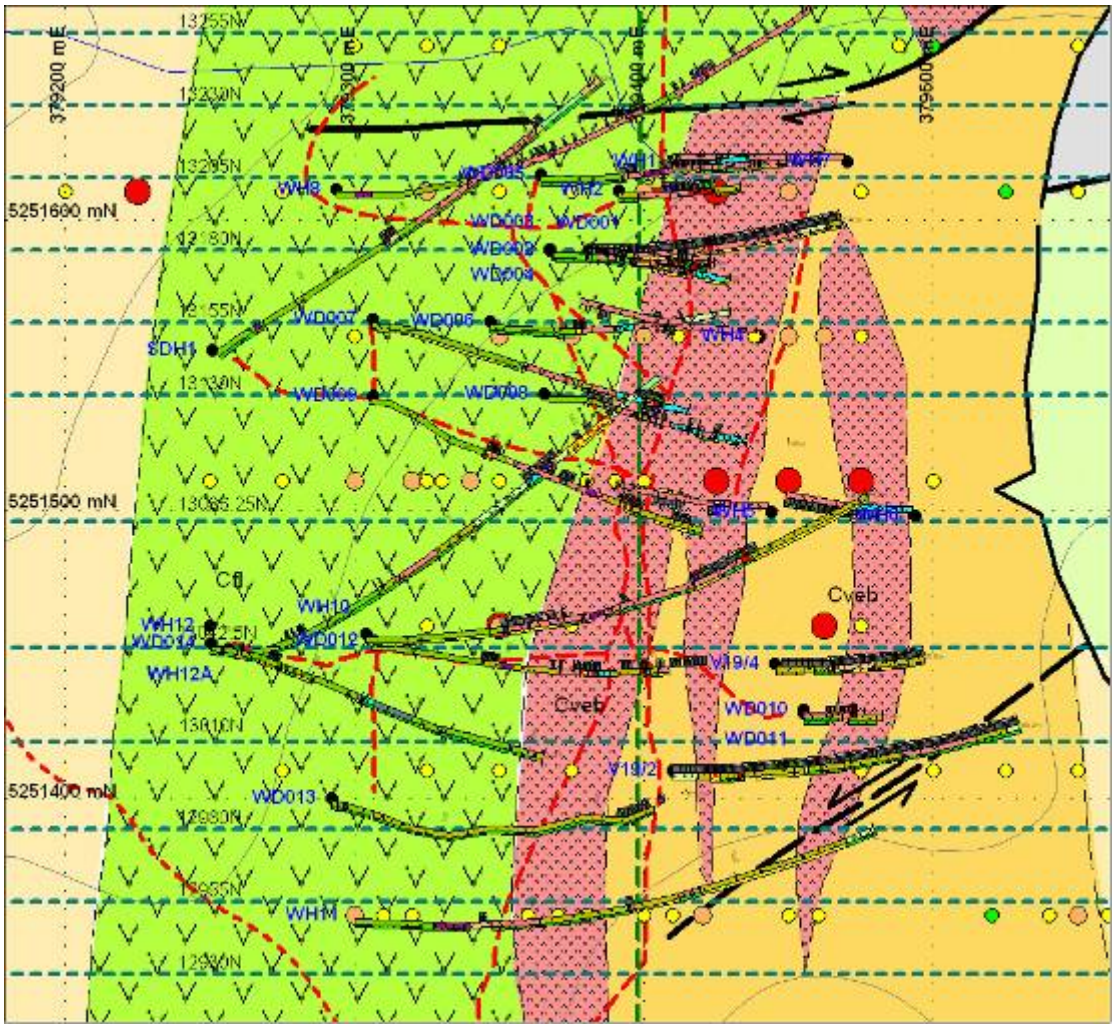


Figure 2: V19 Collar Plan showing Surface Geology, Zn in Soils and Drill holes displaying geology, alteration, down hole Zn and $/tonne value (see legend below).

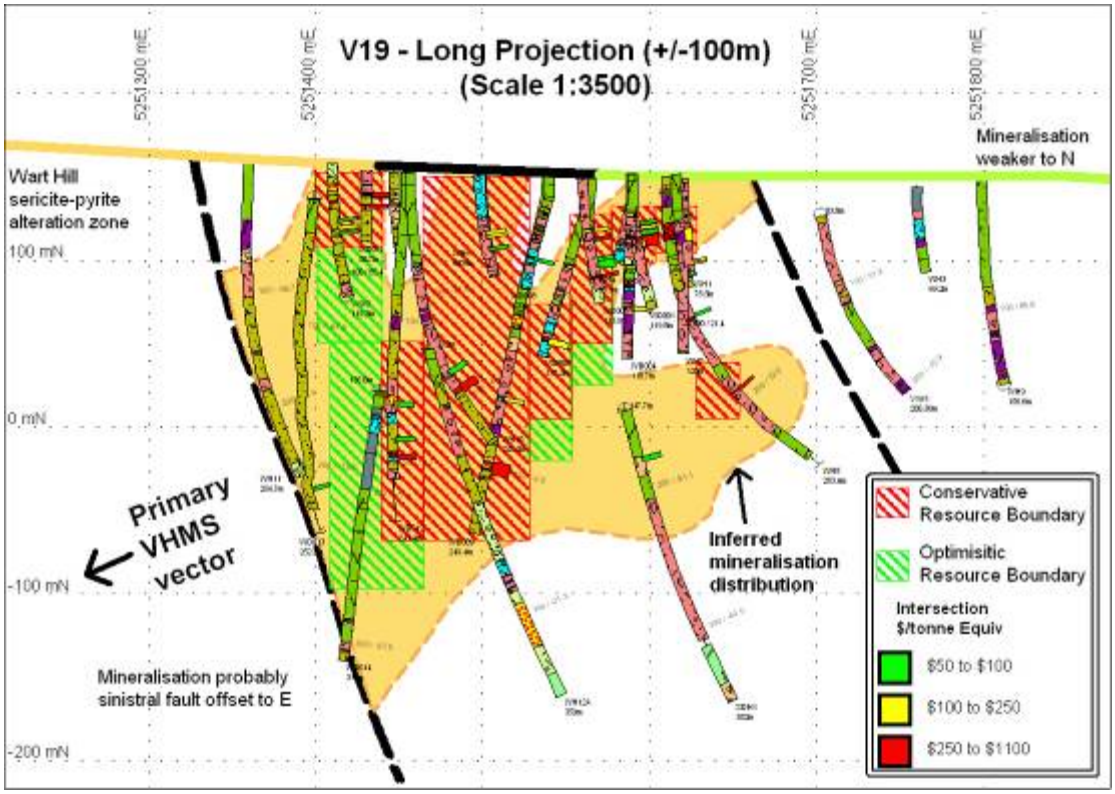


Figure 3: V19 Long Projection showing drill hole traces from a 10000mE (baseline) +/-100m search radius, inferred mineralisation distribution and intersection value per tonne equivalent.

V19 Resource

Basic block model inferred resource calculations are reported here. Care was taken to ensure that the initial inferred resource was not over estimated, partly via presenting two end member cases; conservative (Case 1) and optimistic (Case 2). The inferred resource calculations herein incorporate the main mineralised zones with boundaries defined by geology and a ~0.25% Zn / $50/tonne contained metal value cut off. Additional resources from disparate areas that can't be readily linked to the main zone are not included. These include Lens' A & B, with the WH8 intersection being an included exception that isn't readily linked to the main resource area. The mineralisation whilst faulted off remains open to the south and requires further drill testing (figure 3).

A total global resource is calculated, with little consideration given to potentially viable minimum mining widths / blocks. Again an exception is the WH8 intersection, which, whilst 1.1m in thickness, has been modelled on a 2m width diluting the block grade, but accommodating a likely minimum mining width. 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. An outline of the ore blocks utilised in the inferred resource calculation is shown in Figure 3.

The resource calculated is primarily a base-metal resource, however elevated gold also exists outside the bounds of the latter. For instance deep within WD001 an

interval (105 to 106m) bearing 4.85g/t Au was intersected which is not included in the resource calculation. No gold analyses have been undertaken on early drill holes by Geopeko; these include V19/1, V19/2 and V19/4. Similarly, portions of the Cyprus hole WH8 have not been Au assayed, although this zone lies outside any significant base metal mineralisation.

A summary of the Inferred Resources calculated for V19 is provided in table 1. Grade and tonnes information for the various sections used in the inferred resource calculation are given in Table 2.

Interestingly, the V19 tonnes and grade, with the exception of Au, are similar to Hercules which is of replacement origin. i.e V19 would likely be mined if located near existing infrastructure. Comparison to Zinifex's resource data is provided in Table 3.

Methodology

Resources were calculated from drill hole data, with trench data not being utilised. The inferred resource calculations consider all width intersections where grades exceed ~3% combined Pb and Zn (see Table 4).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. Mineralised envelopes / boundaries are based upon geological reasoning and geochemical analysis with each sections search envelope width extended half way either side to the next section. See the section notes for drill sections utilised in the inferred resource calculation.

V19 Inferred Resource		
TasGold - V19 Resource		
Length	~270m	From 5251630mN to 5251400mN
Thickness	3m	Variable ~1 to 16m; average ~3m
Depth	180m	Variable near surface to 180m
SG	3.1g/cm^3	assumes 20% sulphides (incl. 3% galena & 5.5% sphalerite)
Total Conservative Case 1		460,000tonnes @ 41.5g/t Ag, 0.72g/t Au, 1.81% Pb and 3.41% Zn (8.1g/t Au Equiv)
Total Optimistic Case 2		600,000tonnes @ 40.5g/t Ag, 0.67g/t Au, 1.74% Pb and 3.30% Zn (7.8g/t Au Equiv)

Table 1: TasGold V19 Summary Inferred Resources

Case 1	Conservative						
Section	Note	Tonnes	Au g/t	Ag g/t	Cu ppm	Pb ppm	Zn ppm
13010	Zone A	8,874	0.27	113.91	797	27556	51709
13010	Zone B	8,967	0.11	22.32	410	7400	15532
13042		70,224	0.67	35.12	1024	15608	30959
13086		247,374	1.03	40.78	1340	18722	35371
13130		32,463	0.18	48.54	147	14454	22486
13155		37,343	0.11	20.42	232	9576	18516
13180		38,754	0.34	66.40	507	30222	52637
13205	Zone A	7,350	0.17	24.12	660	11093	28179
13205	Zone B	4,424	0.08	14.93	866	5925	20435
13230		5,025	0.22	44.45	957	37501	88784
Total Inferred		**460,798**	**0.72**	**41.5**	**0.10**	**1.81**	**3.41**
Metal Prices	4/05/2006		$21.35	$0.44	$7,231.00	$1,160.50	$3,261.00
$ / Metal			$7,046,129	$8,413,674	$3,330,946	$9,669,867	$51,285,962
Total $ Value			**$79,746,578**				
Case 2	Optimistic						
Section	Note	Tonnes	Au g/t	Ag g/t	Cu ppm	Pb ppm	Zn ppm
13010	Zone A	8,874	0.27	113.9	797	27556	51709
13010	Zone B	22,356.30	0.14	46.9	496	11977	23141
13027		172,454.50	0.67	35.1	1027	15661	31085
13086		247,374	1.03	40.8	1340	18722	35371
13130		38,449.20	0.18	48.7	147	14432	22449
13155		52,482.20	0.11	20.2	235	9683	18669
13180		38,754	0.34	66.4	507	30222	52637
13205	Zone A	7,350	0.17	24.1	660	11093	28179
13205	Zone B	4,424	0.08	14.9	866	5925	20435
13230		5,025	0.22	44.4	957	37501	88784
Total Inferred		**597,544**	**0.67**	**40.5**	**0.10**	**1.74**	**3.30**
Metal Prices	4/05/2006		$21.35	$0.44	$7,231.00	$1,160.50	$3,261.00
$ / Metal			$8,602,102	$10,627,515	$4,178,336	$12,039,978	$64,285,627
Total $ Value			**$99,733,559**				

Table 2: Sectional Inferred Resources – Cautious Case 1 and Optimistic Case 2.

	Zn %	Pb %	Ag (g/t)	Au (g/t)	Cu %	Tonnes (M)	$/tonne	Value $
Rosebery	16.3	4.8	189	2.7	0.5	5.9	1019	6.01E+09
Hercules	3.7	1.9	157	3	0.1	0.56	371	2.07E+08
V19	3.3	1.7	40.5	0.67	0.1	0.6	167	9.9 E +07
Century	12.7	1.5	38			12.7	604	7.67E+09

Table 3: Zinifex Resources (2005 Zinifex Annual Report) compared to V19, based on ~01/05/2006 metal prices.

A local grid exists at 50m centres, with common section width distances and drilling centres of 25m. Drill holes were designed to maintain the 25m step out distance where possible. Obviously, hole direction is not accurately controlled in all circumstances and variation in section width is apparent. Roughly equal 25m spaced mineralised intersections were obtained in the northern portion of the grid between 13105 and 13205mN. To the south, the ore body plunges south and distances between mineralised intercepts become more variable as azimuth control diminishes with greater drill hole depth. Half way rule section distances are adjusted accordingly here. Table 5 outlines the section widths utilised in the resource calculation. These are further represented in long projection in Figure 3.

Parameters set include a specific gravity of 3.1g/cm^3 corresponding to 20% (assuming 11.5% pyrite, 3% galena & 5.5% sphalerite) sulphides within felsic volcanics of approximate SG 2.6g/cm^3. Note that the density of the host volcanics and mineralisation at V19 has not been directly measured for the full range of representative samples. The sulphide percentages utilised are an approximation derived from the average grade of mineralised intercepts utilised in the inferred resource calculation. Estimates from averages provided in Berkman (1995) are also utilised. Specific gravities for various Wart Hill massive sulphide samples (commonly high grade to 45% combined Pb + Zn) are available from unpublished Fimiston and TasEx results (See Appended). This data while not representative of the range of intersections was used as a guide when applying specific gravities for resource calculations. SG's for high grade samples (40% combined Pb + Zn) range from 3.4 to 4.4g/cm3. One sample in the order of 20% combined Pb + Zn had an SG of 2.9g/cm3.

Current metal prices (28/04/2006) were utilised to calculate $ per tonne for intersections, enabling ready viewing of mineralised intervals. Whereas, a inferred resource value's are calculated using prices from 4/5/2006.

Data

Most drill collars in the resource area have been resurveyed with DGPS, placing them within 0.02m of their accurate locations. The few remaining collars are GPS surveyed to 5m accuracy. Drill holes included in the resource calculation are those within the immediate area only (see figure 2).

Assay data is reported for elements Au, Cu, Pb, Zn and As for most drill holes. However, analysis data are incomplete for early drill holes V19/1 & 2 & 4, which don't report Au. The only section where this has any influence is on 13010mN, containing V19/2 in a small inferred resource block. Most sampling has been undertaken at intervals of 1m or less with composite samples only collected in apparently less mineralised or barren zones.

Table 4 below lists the best intersections, most of which are included in the V19 Inferred Resource.

Hole_ID	Interval	From	To	Au_ppm	Ag_ppm	Cu_ppm	Pb %	Zn %
SDH1	1	179	180	0.06	16.0	32	1.22	1.35
V19/2	1	48	49	0.00	10.0	450	0.79	1.20
V19/2	1	55	56	0.00	28.0	600	1.37	3.27
V19/2	1	60	61	0.00	10.0	475	0.65	1.15
WD001	1	42	43	0.03	13.0	217	1.61	1.99
WD001	1	46	47	0.50	65.0	463	2.57	4.39
WD001	2	50	52	0.21	46.5	304	0.80	1.70
WD001	**7**	55	62	0.43	77.3	576	**4.48**	**7.43**
WD002	**4.1**	58.1	62.2	0.42	58.2	357	**2.29**	**3.69**
WD002	**8.7**	62.8	71.5	0.29	57.3	931	**3.02**	**5.82**
WD003	1	80	81	0.06	8.0	195	0.47	1.09
WD004	1	84	85	0.20	82.0	880	0.79	1.63
WD005	1	76	77	0.45	108.0	720	0.82	1.85
WD005	0.3	77.9	78.2	0.09	23.0	240	1.46	2.45
WD006	1	73	74	0.07	17.0	260	0.77	1.00
WD006	5	76	81	0.14	18.6	261	1.05	1.93
WD007	1	137	138	0.10	15.0	185	0.51	1.04
WD007	3.5	140.8	144.3	0.19	49.4	187	1.93	3.04
WD008	1	47.5	48.5	0.04	7.0	235	0.48	1.19
WD008	1	72	73	0.08	25.0	290	1.03	1.90
WD009	1	152	153	0.05	27.0	120	1.79	3.00
WD009	**7**	197	204	1.81	55.6	2157	**3.33**	**6.16**
WD010	2.4	22.6	25	0.40	161.8	1219	**5.11**	**9.81**
WD011	1	17	18	0.09	28.0	1600	1.42	2.75
WD011	0.5	24.5	25	0.31	158.0	1810	**3.87**	**6.21**
WD012	1	156	157	0.04	11.0	340	0.92	1.88
WD012	1	181	182	0.05	7.0	410	0.56	1.77
WD012	2	193	195	0.97	47.0	2375	**3.64**	**7.34**
WD013	1	218	219	0.00	6.0	190	0.41	1.28
WH10	3	169	172	0.42	18.3	207	0.57	1.13
WH10	**5**	185	190	1.35	31.5	2545	**2.97**	**6.04**
WH2	4	32	36	0.09	18.8	1203	0.71	2.38
WH2	**8**	43	51	0.18	25.9	709	1.21	3.11
WH4	1	46.4	47.4	0.09	48.0	400	1.19	2.54
WH4	1	53.3	54.3	0.09	74.0	750	**5.53**	**11.18**
WH4	1	84	85	0.88	168.0	450	**6.70**	**12.05**
WH6	2	47	49	0.68	50.5	1165	1.67	2.88
WH6	1	50	51	0.05	17.0	1600	1.24	2.22
WH6	1	60	61	0.52	77.0	405	0.62	1.06
WH8	1	108	109	0.12	28.0	380	0.52	1.60
WH8	**1.1**	184.85	185.95	0.63	123.0	2650	**10.39**	**24.66**

Table 4: Summary of significant intervals for V19 (Based on 1% Zn cutoff with max internal dilution of 4m @ 0.25%).

Section (mN)	From (mN)	To (mN)	Width (m)	Envelope (m)	Ore dip (west)
13230	13242.5	13217.5	25	12.5	60
13205	13217.5	13192.5	25	12.5	72
13180	13192.5	13167.5	25	12.5	55
13155	13167.5	13142.5	25	12.5	75
13130	13142.5	13117.5	25	12.5	65
13086.25	13117.5	13055	62.5	31.25	75
13042.5	13055	13030	25	12.5	70
13010	13030	12990	40	20	60

Table 5: Sections used in the V19 Inferred Resource calculation

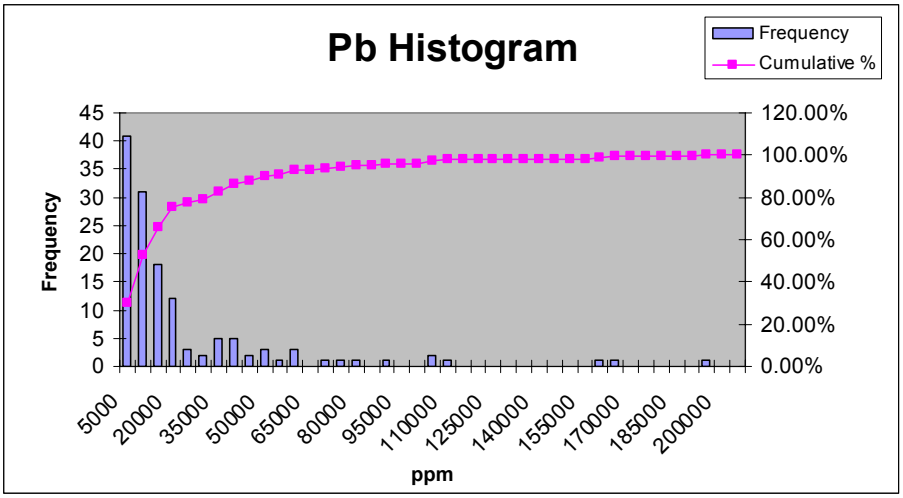
Geochemical correlations

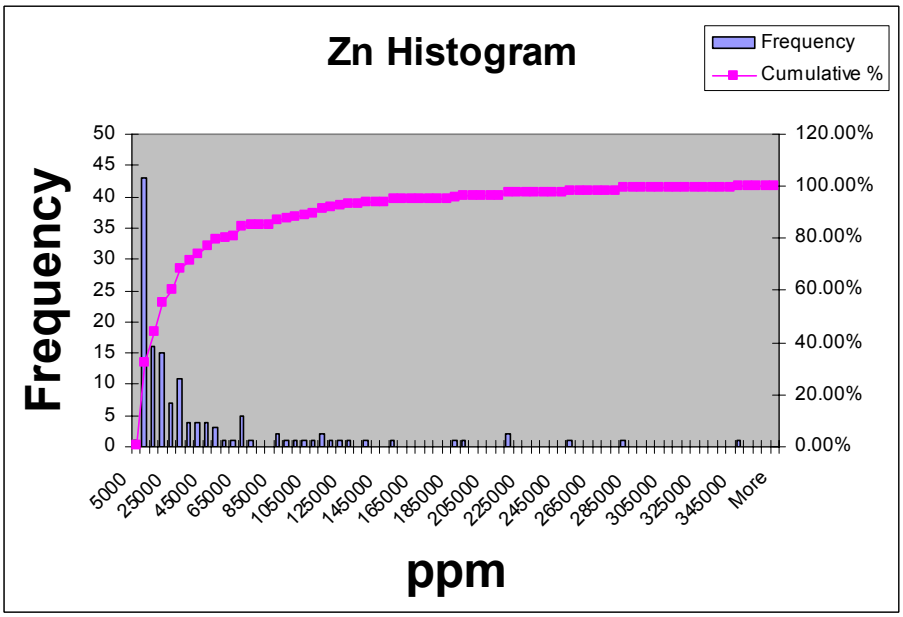
Peak Analysis for various elements within the V19 resource area are 5.63ppm Au, 565ppm Ag, 0.5% As, 0.875% Cu, 19.4% Pb and 34.2% Zn. Maximum Ba is 20.6%, in WH10, although only ~25% of holes have Ba analysis reported. High As reaching 5000ppm in WH8 is not associated with significant base-metal analysis. Most As reports at <200ppm and is not considered in the resource.

Correlation coefficients for V19 drill hole analyses are listed in Table 6. Not surprisingly Pb, Zn and Ag all correlate well, with zones of elevated silver with minimal base-metal being few; an example being in WH10 where Ag is greater than 32ppm from 163 to 168m, but Pb and Zn combined is <0.7%. A significant Ba association with Au also exists. A weak correlation between Cu and Au is also evident.

	Au_ppm	Ag_ppm	Cu_ppm	Pb_ppm	Zn_ppm	As_ppm	Ba_ppm
Au_ppm	1.00						
Ag_ppm	0.44	1.00					
Cu_ppm	**0.66**	0.49	1.00				
Pb_ppm	0.52	**0.88**	0.56	1.00			
Zn_ppm	0.54	**0.87**	0.60	**0.98**	1.00		
As_ppm	0.01	0.07	0.04	0.07	0.08	1.00	
Ba_ppm	**0.91**	0.44	0.59	0.42	0.41	-0.03	1.00

Table 6: Correlation coefficients for V19 drill hole analysis.





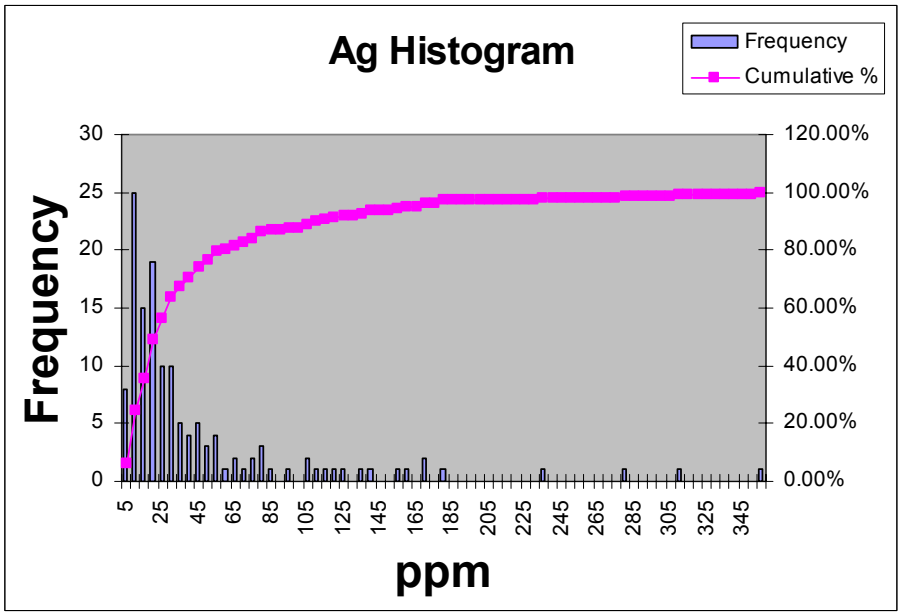


Figure 4: Pb, Ag and Au histogram distributions for all drill hole analysis >5000ppm Zn

Histogram analysis of mineralised intervals only, defined by a 0.5% Zn cut off reveals positive skewed distributions for Zn, Pb and Ag (figure 4). Note this process removes some elevated Ag analysis. The histograms are simple without any hump inflections indicating that mineralisation likely results from the one related event, rather than two or more overprinting events of different genesis. Note that, the Au distribution could also reflect the later Devonian vein style event if more data were available. This potential effect has likely been removed by only analysing data with Zn >5000ppm.

Grades are normally cut to the 97.5 percentile to partly remove the effects of skewness, allowing assumption of a near normal distribution. This has not been undertaken on V19 analysis data, in part since this procedure can result in some over smoothing of high grade intersections. Ideally both uncut and cut resource estimations should be calculated. The cut off values allowing assumption of a near normal grade distribution at the 97.5 percentile are 11% for Pb, 21% for Zn and 235ppm for Ag. Semivariograms, typically utilised with positively skewed data to assess the degree of anisotropy of mineralisation have not been utilised.

Section Notes

Notes pertinent to the geology and resources calculated for the various V19 sections are provided below. Down hole geology, primary alteration, Zn and metal value per tonne were plotted to aid definition of resource blocks. Ag and Pb analysis were not plotted since the very high statistical correlation with Zn means that this element relatively accurately reflects their distribution (see table 6). Similarly, Au was not plotted since elevated gold correlates relatively well with anomalous base metals; the only exception being the 4.85g/t Au intersection in WD001 (105 to 106m), which was accompanied by weak base metals and is not considered in the inferred resource.

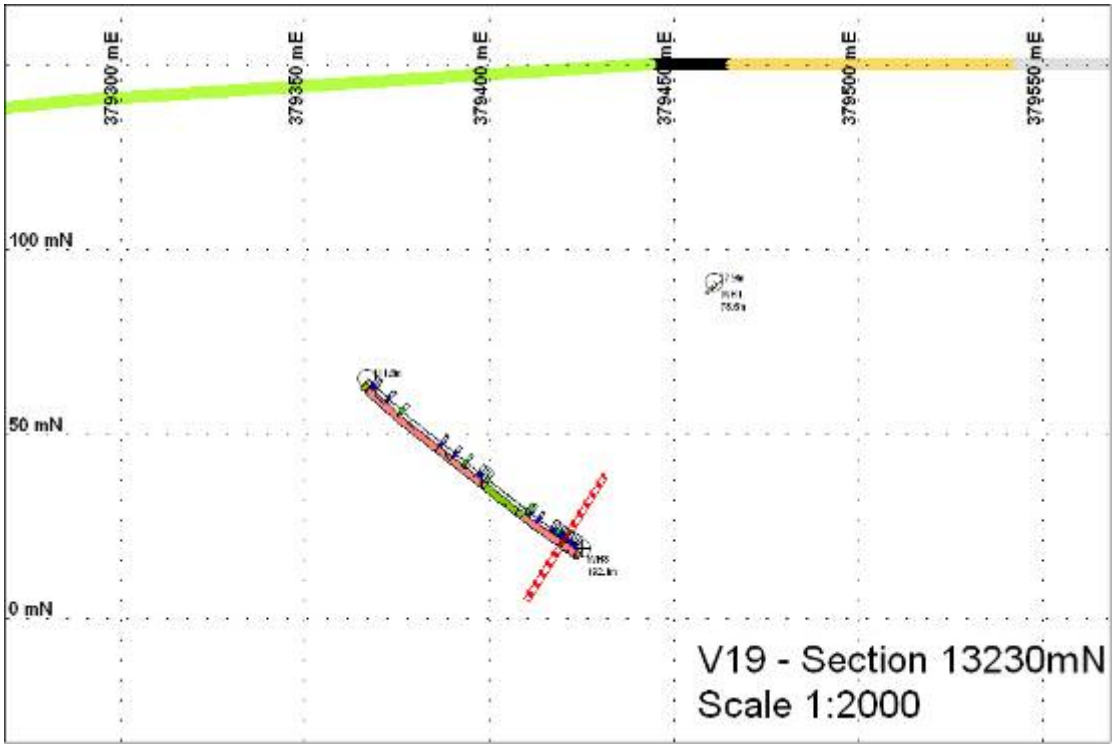
Most sections are drawn utilising a 12.5m section envelope, however greater size envelopes are used on some sections to aid interpretation where drill hole traces cross the section, blank drill holes adjacent to mineralised need to be accommodated or mineralised intervals plot immediately outside the 12.5m envelope. The latter also varies according to the complexity of the mineralisation's distribution. Table 5 lists the sections and their envelopes used in the inferred resource calculation.

There are inherent problems with a block model sectional interpretation for the V19 mineralisation. The mineralisation is determined to plunge to the south and such boundaries cannot be readily incorporated. Further complications result from the unpredictable distribution of mineralisation in the periphery of the mineralised system (see section 13030mN notes).

13230mN

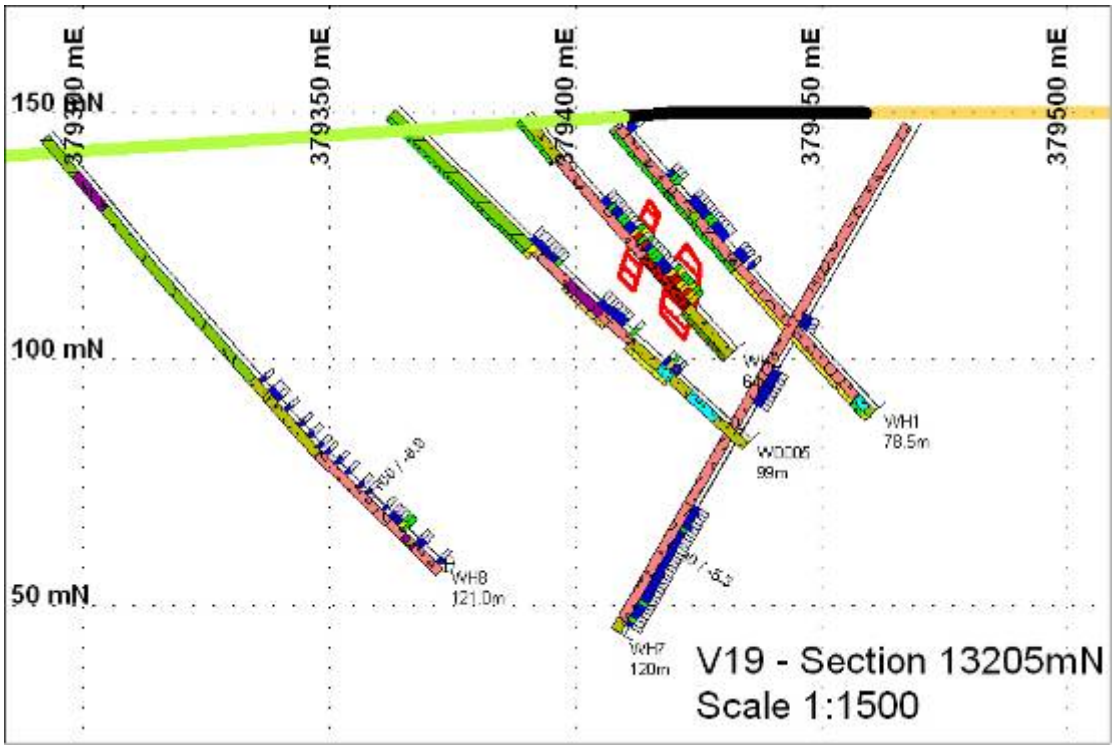
This section contains a deep significant intersection within WH8, which cannot readily be linked to other intersections. An inferred mineralised block of ~2m width was extended 20m either side, up and down dip on section. This represents an additional resource, not incorporated in the total inferred resource calculation. Note that the intersection is only 1.1m wide, probably considerable less than a minimum

mining width (>2m?). The resource calculated for this section is therefore lower in grade than the actual intersection.



13205mN

This section includes drill holes WH7, WH8, WD005, WH1 and WH2.
A section width of 12.5m is utilised for both section presentation and resource calculation.

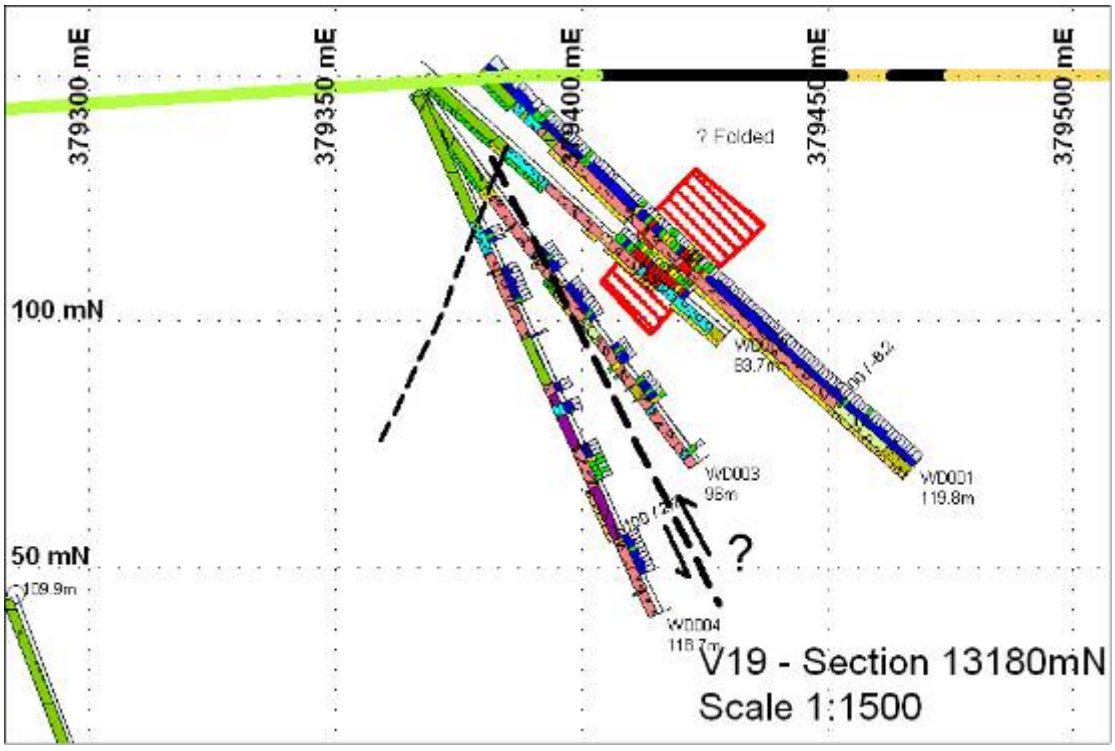


13180mN

Faults are evident down hole in WD003 and help explain why mineralisation in WD001 and 2 is not transgressive through holes WD003 and 4. There is no indication of significant faulting in WD002, down hole from the faulted porphyry margin. Similarly little fault disruption is evident in WD004. Further, basalt intersected in WD004 is not evident in WD001 and 2, thus the west dipping base of porphyry fault has apparently offset the basalt sulphide intersection, with a further east dipping fault offsetting VHMS mineralisation evident in WD002 and 1.

Sulphide clast bearing volcaniclastics in the base of WD004 suggest that in light of the faulting recognised above, this hole was possibly not deep enough.

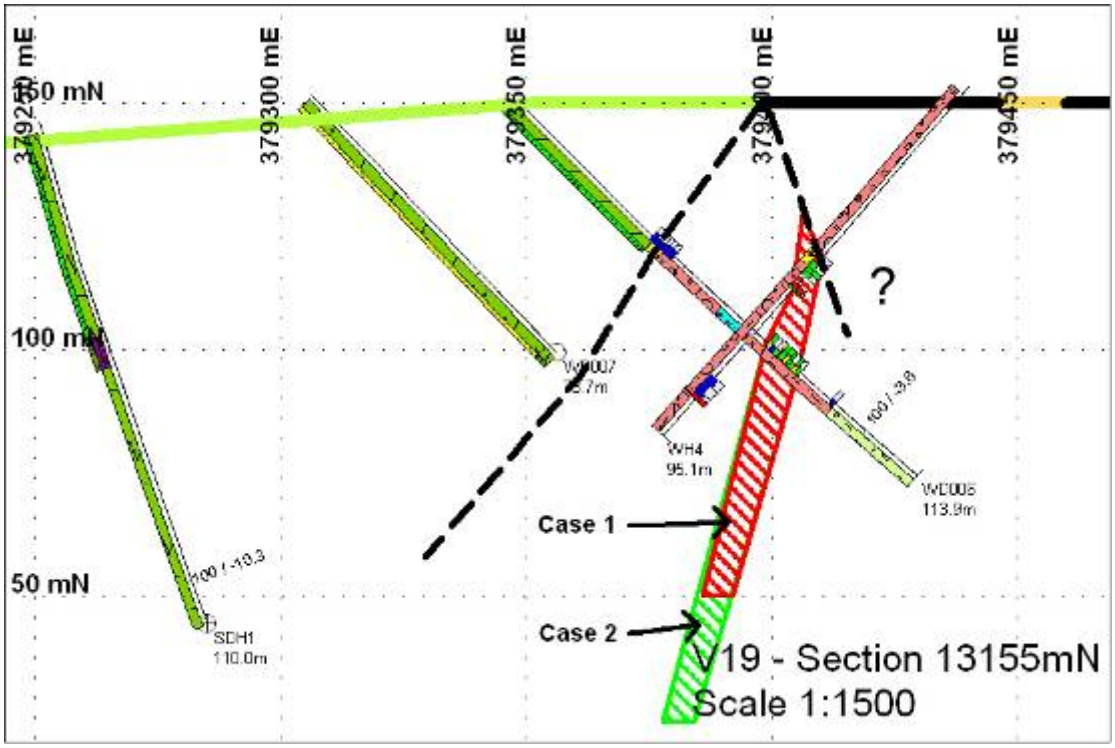
Potential for a fold closure in the WD001 and 2 vicinity exists; a repeat of the polymict host horizon is noted in mapping at surface (how this was gleaned is unclear!). This is a highly tentative interpretation. Most likely the sulphide body is offset to depth in WD004. i.e an **east dipping reverse fault** of >60m offset likely exists.



13155mN

Base-metals intersected deep in WH4 (but not in the WD006 scissored hole) probably represent sulphide clasts. The upper WH4 intersection is in part structure hosted; likely butting against the western side of a moderately east dipping fault.

The mineralisation envelope for Case 1 was extended down dip to the west to approx 50m RL, noting that the significant WD007 intersection on 13130mN is at this level.

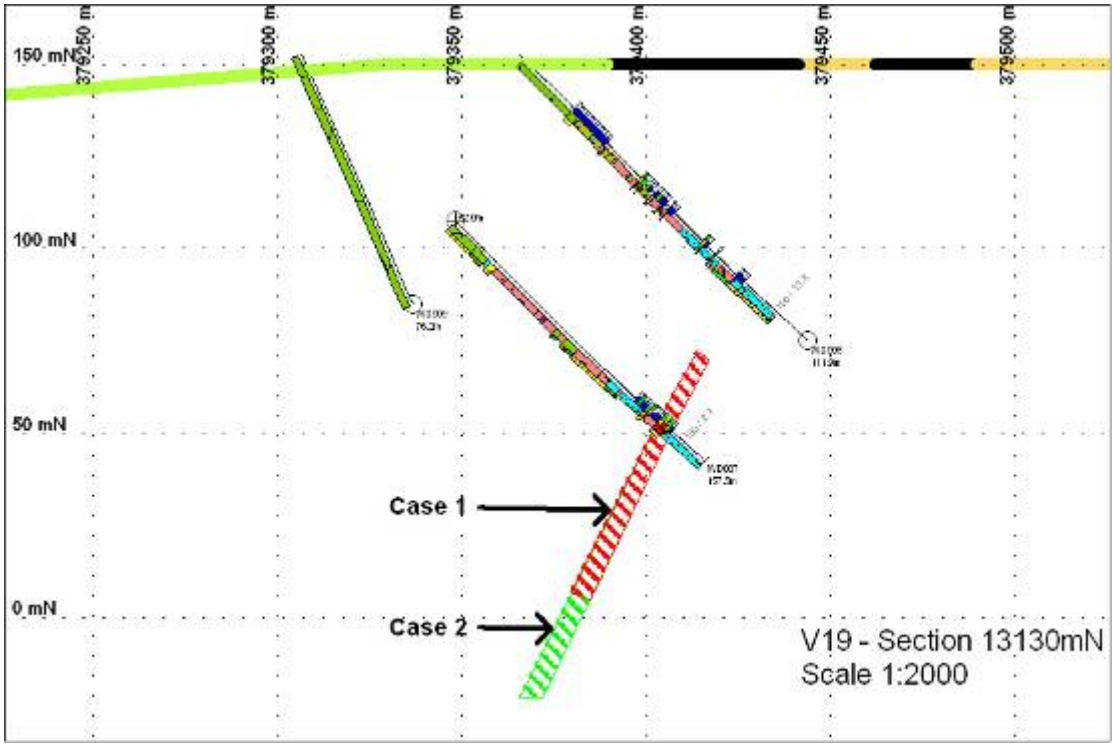


13130mN

This section was drawn utilising a 15m section envelope, ensuring that the WD008 trace was visible, However resources are calculated at 12.5m.

Minimal mineralisation was intersected in WD008, whereas a highly significant interval in WD007 was intersected ~20m down plunge to the west. This observation supports the south plunging model for mineralisation at Wart Hill. Deeper down plunge, significant but base metal barren sulphide mineralisation was intersected in WH12a.

The mineralised envelope for Case 1 was extended half way from WD007 to WD008, a distance of 22m and 2/3 down toward the WD009 intersection on the next section south (13105mN); a distance of 37.5m. Ore width is approx 4.5m. Note that the WD009 intersection is likely slightly fault off set from that in WD007.



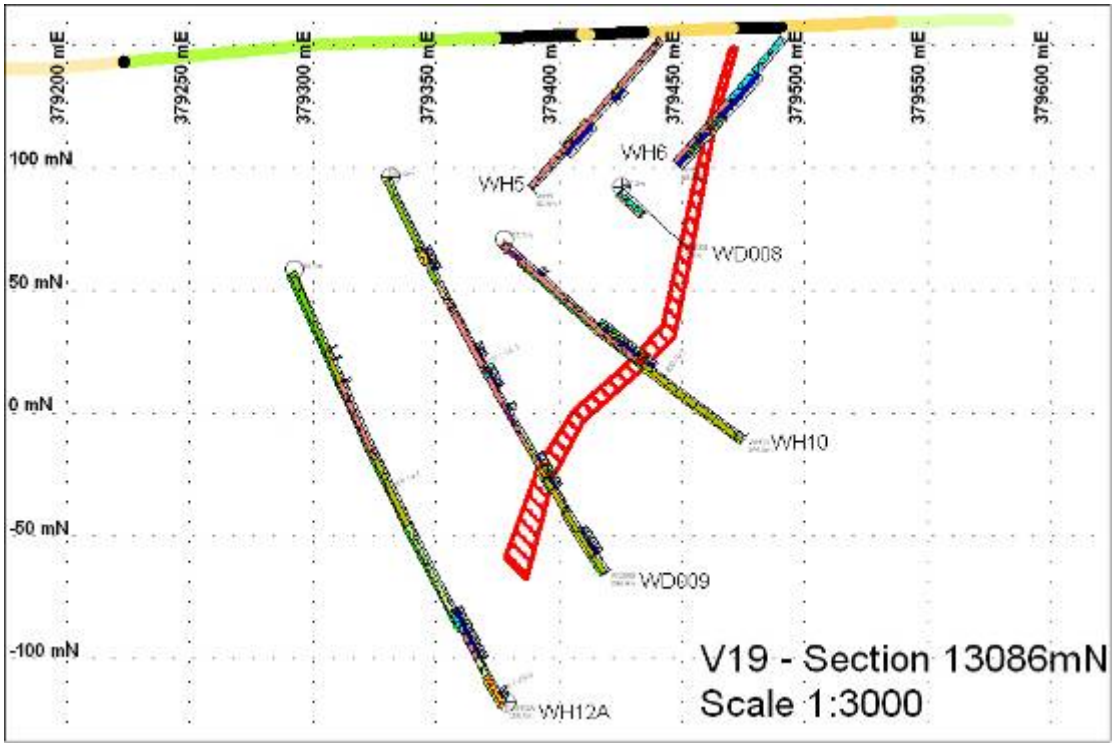
13086mN

Resources on this section were calculated as a thicker block centred upon 13086mN with envelope **31.25**m (13055 to 13117.5mN). This was required since a resource for 13055mN (+/-12.5m) could not be calculated without inclusion of this wider block; a significant gap in the more common 25m drilling step out exists here. Notably results on this section are high with respect to other sections and therefore some bias may be introduced, particularly in the upper region of the section above WH10.

The mineralised envelope extends half way down dip from the WD009 intersection, widening slightly to the WH12A ~28m wide sulphide intersection. The latter is a reasonable body dimension estimate given the southerly plunge inferred and apparent for mineralisation.

The difference in thickness between the basalt and the mineralised horizon in WD009 and WH10 is possibly accounted for by palaeo topographic variation, rather than faulting. An apparent offset of ~30m+ horizontal to the east is evident between mineralised intersections. Mineralisation extends to near surface in WH6, where it is very thin, the hole being drilled partly down dip.

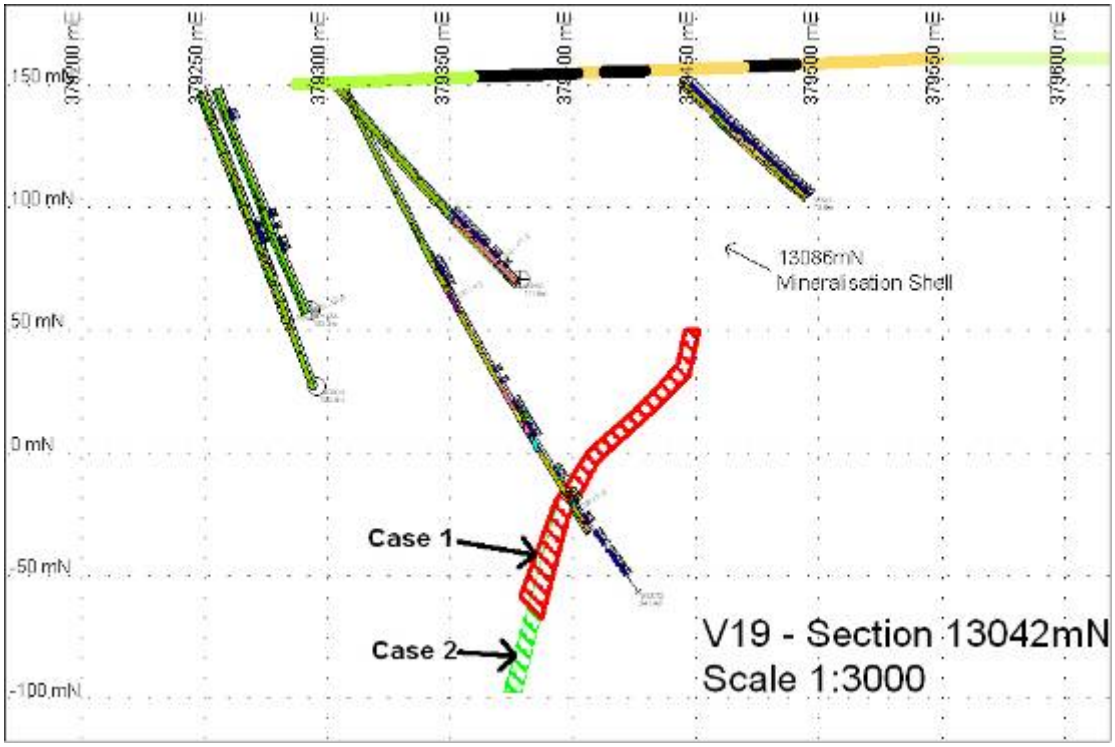
Room exists for an infill intersection / new drill hole between WD009 and WD008, south along strike from WD007 on this section.



13042mN

A 12.5m search radius section. The interpreted mineralisation shell from the adjacent section 13086mN coincides almost exactly with that for this section (and 13010mN to the South), excepting that drill hole V19/4, located on 13042mN is weakly mineralised/barren! The later drilled directly beneath Lens B and failed to intersect significant mineralisation (<950ppm Zn; Wilson, et. al., 1982), whilst passing through "striped lithic xtal tuffs" that read as a dead ringer for the footwall of Lens B at surface. Sulphide in the form of minor pyrite parallel bands, locally to 10cm, was intersected in V19/4. These observations indicate that mineralisation has poor continuity at the periphery of the system, with an embayment being evident on this section. The observations fit with a location at an exhalative VHMS margin, or perhaps more readily with a replacement model for sulphide genesis.

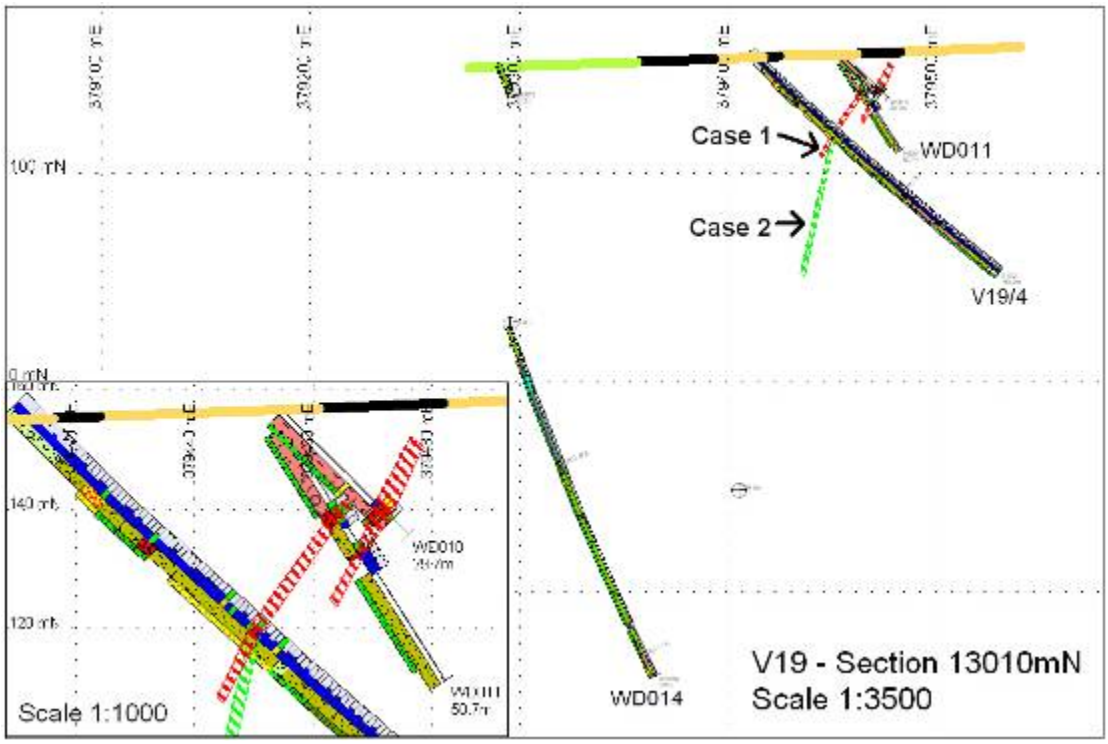
Mineralisation is inferred to extend to the equivalent of 30m up dip from the WH10 intersection on 13086mN.



13010mN

The interpreted mineralisation shell from the adjacent sections 13086mN and 13042mN coincide almost exactly with that for this section, providing considerable lateral continuity (>100m). Drill holes WD010, 011 and V19/4 are located proximal to the southern bounding fault, with this reflected in the lack of continuity between intersections in the former drill holes. Mineralisation is faulted off at depth on this section with WD014 intersecting the southern bounding fault before intersecting the projected mineralised zone. Further south, a similar scenario applies to WD013, where interpretation from immediately prior to intersecting the fault suggests that the host horizon was about to be intersected. Section 13010mN displays the mineralised envelope/shell from the adjacent 13042mN section, indicating there is good potential for expanding the resource on this section. A further drill hole infilling between WD014 and V19/4 is required, but remains a lower priority than locating the fault offset of V19.

The mineralisation is likely sinistral fault offset to the west; a scenario that remains untested, but with good indicators in the form of surface base-metal in soil anomalism and footwall magnetic high, similar to that presented in the immediate V19 vicinity.



V19 Resource Extension

Interpretation indicates that potential also exists to expand the inferred resource in the following areas:-

- Southern offset, adjacent to the Osmund syncline in an area as yet un drill tested – high priority. Includes a basemetal soil anomaly with footwall mag signature similar to at V19 and a dubious gravity anomaly along strike.
- Test beneath WD004, extending the drill hole to test for fault offset mineralisation located stratigraphically above the overturned basalts – high priority
- Test beneath WD007 – high priority.
- Room exists for an infill intersection / new drill hole between WD009 and WD008, south along strike from WD007 on this section. – med priority
- North of WH8, at depth and along strike – low priority; note that good continuity of mineralisation is expected north of the Fault. Little mineralisation is evident at surface in WH3, 9 and V19/1.

Potential Development Strategy

Mineralisation delineated at V19 exists within 200 metres of surface consequently the most likely project development path would most likely initially comprise conventional open cut mining. Deeper extensions to known mineralisation or further ore found by future exploration would be mined by underground mining methods.

There have been no detailed economic evaluations of the V19 resources conducted to date. The total resource inventory delineated at this time would be insufficient to support a standalone mining and processing mine development, given the considerable logistical problems faced, related to the remote nature of the project.

References

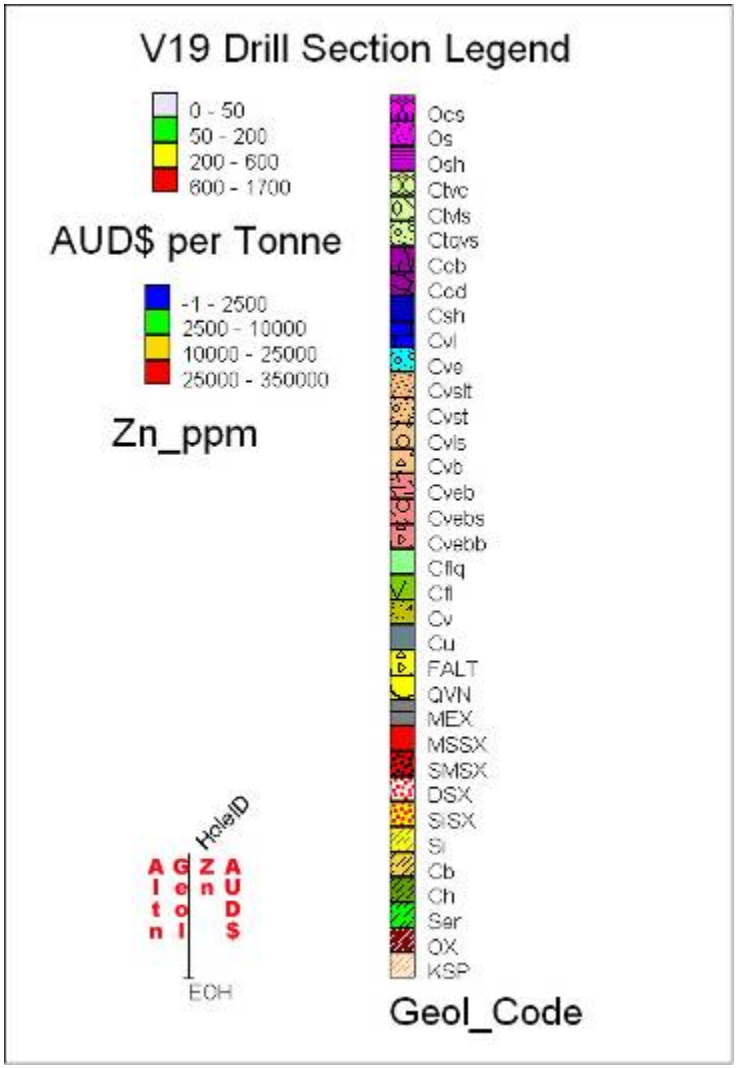
Berkman, D. A., 1995. Field Geologists Manual – Third Revised Edition. Monograph No. 9. The Australian Institute of Mining and Metallurgy.

Callaghan, T., 2004. TasGold Annual Report on Exploration EL20/96 – Elliot Bay: Annual Report to March 31 2004.

Wilson, P. A., et. al., 1982. Annual Report on EL27/76.1981 – 1982 Summer Field Season. Elliott Bay. Geopeko Company Report. (TCR82-1882).

Appendices

Appendix 1: Drill Hole Geology Legend



Appendix 2: Fimiston – TasEx Wart Hill Analysis

Elements	Value per tonne	Ag	Zn	Pb	Au	Cu	Co	Cd	As	Sb	Hg	Bi	Tl	Fe	Ba	SG
Units		**%**	**ppm/%**	**ppm/%**	**ppb**	**ppm**	**ppm**	**%**	**ppm**	**ppm**	**ppm**	**ppm**	**ppm**	**%**	**ppm**	
Detection		**10**	**10.00**	**10.00**	**1**	**10**	**20**	**10**	**10**	**0.5**	**0.1**	**0.10**	**0.2**	**0.01**	**1**	**0.01**
Sample #'s																
1 SHA 1		420	39.00	16.50	1450	540	100	1850	100	3710	78.0	5.4	4.2	2.85	165	3.95
2 SHA 2		500	38.00	19.00	2200	2350	200	1800	250	450	72.0	40.0	11.8	4.30	1250	4.08
3 SHA 3		900	39.00	20.00	740	2850	60	1700	240	1300	14.0	1.00	5.8	2.65	780	4.13
4 SHA 4		340	37.00	11.60	450	520	100	1500	70	320	54.0	17.0	2.0	3.10	36	3.59
5 SHA 5		370	39.00	12.50	760	170	60	1750	100	350	50.0	0.8	108	3.40	2050	3.74
SHA 1 (Rpt)		390	37.00	16.50	1450	520	100	1750	110	390	78.0	5.8	5.0	2.75	175	
6 SHB 1		350	36.00	18.00	600	940	40	1300	230	540	50.00	2.2	18.0	4.90	17	4.06
7 SHB 2		160	41.00	17.50	1250	6000	60	1500	600	280	29.0	7.6	72.0	10.00	68	4.44
8 SHB 3		190	32.00	16.50	1900	2000	80	1450	1650	310	16.0	14.0	285.0	13.50	26	4.48
9 SHB 4		120	43.00	13.50	1080	5800	60	1650	410	345	32.0	6.8	46.0	9.20	175	4.18
10 SHB 5		170	27.50	8.80	900	860	60	940	380	450	30.0	0.6	27.0	3.70	15	3.38
11 SHB 6		200	36.00	16.50	1450	4300	60	1550	1160	290	42.0	72.0	106.0	10.20	38	4.38
12 SHB 7		220	42.00	20.00	1140	2200	60	1700	580	360	39.0	62.0	76.0	7.00	12	4.53
13 SHB 8		90	16.50	6.40	410	230	0	560	80	165	20.0	0.6	4.4	1.80	45	2.90
Average A		506	38.40	15.92	1120	1286	104	1720	152	1226	53.60	12.8	26.4	1.10	856	3.90
Average B		**188**	**34.25**	**14.65**	**1091**	**2791**	**53**	**1331**	**636**	**343**	**32.25**	**20.7**	**79.3**	**7.54**	**50**	**4.04**
TasEx Ore grade MS		**193**	**34.52**	**18.47**	**1590**	**1800**	**na**	**na**	**na**	**na**	**na**	**na**	**na**	**na**	**na**	**na**

NB: Samples 1-13 were run by Fimiston on 2 massive sulphide occurances fom Wart Hill. Only sample SHB was obtained by TasEx, slabbed and analysed. The TasEx result compares well with 'Average B' from Fimiston's 8 analyses

	Ag (g/t)	Zn (%)	Pb (%)	Au (g/t)	Cu (%)	Co (ppm)	Cd (ppm)	As (ppm)	Sb (ppm)	Hg (ppm)	Bi (ppm)	Tl (ppm)	Fe (%)	Ba (ppm)	SG
	>500	30.00	15.00	>2.0	>0.5	>200	>1500	>1000	>500	>50	>50	>100	>10%	>1000	>4
	200-500	10.00	10.00	1.0-2.0	0.2-0.5	100-200	1000-1500	500-1000	300-500	30-50	30-50	50-100	5-10%	500-1000	3.5-4
	50-200	5.00	5.00	0.4-1.0	0.05-0.2	50-100	500-1000	200-500	100-300	20-30	10-30	20-50	>3%	100-500	2.5-3.5