TAYENE - TASMANIA
EL47/2010

ANNUAL PROGRESS REPORT
29th April 2011 – 29th April 2012

Tenement Holder/Manager
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Tasmania 7250.

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Tamar Gold Ltd – Launceston Office

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Note: All figures, grids, and contained data are according to the GDA/MGA94 grid system.

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ABSTRACT

The Tayene tenement remains highly perspective for gold. Over the past 12 months only minor field work has been completed on the ground of this tenement, but work has continued here as part of the regional 'Prospectivity Review' being undertaken by Tamar Gold.

The next 12 months will see the definition of specific targets and work programs for this tenement as proposed in the tenement application.

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1. INTRODUCTION

This report is a summary of the exploration activities conducted on Exploration Licence 47/2010, for the period of 29th of April 2011 to 29th of April 2012. The area of the licence remains 158km^{2}and is held by Tamar Gold Ltd (TGL).

The tenement is of particular interest to TGL as it encompasses the Whitings Prospect, major structures and Devonian Granite.

TGL has reviewed all current data related to the tenement and believe that there is scope for further discovery in the area.

1.1 Location:

The tenement is located approximately 5.5 km NNE of Targa in eastern Tasmania. Access to the license area is via various gravel roads from the Tasman highway.

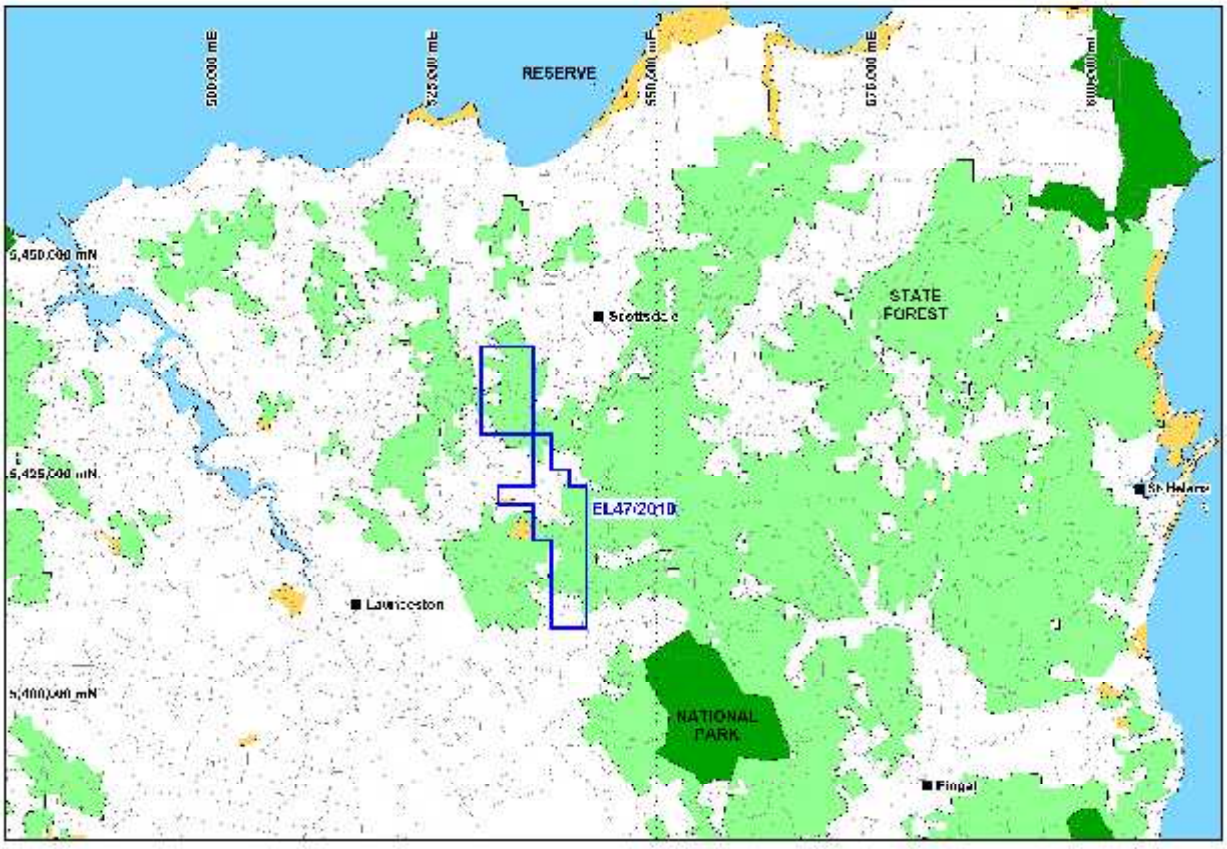

Figure 1 Tenement location and land tenure

1.2 Geology Overview

1.2.1 Stratigraphy

The tenement comprises sub- and outcropping Mathinna Supergroup siltstones, sandstones, subordinate shales, Devonian Granite and Diorite. Revision of the internal stratigraphy of the Mathinna Supergroup as detailed in Seymour et al. (2011) and summarized in Table 1 below,

Group	Formation	Member	Age	Brief description
Panama Group	Sideling Sandstone		Early Devonian (plant fossils)	Dominantly fine-grained sandstone, some interbedded siltstone
	Lone Star Siltstone		Late Silurian (graptolites)	Dominantly thin-bedded siltstone with interbedded fine-grained sandstone increasing towards the top
	Retreat Formation		Silurian?	Interbedded turbiditic medium to very fine-grained sandstone and subordinate siltstone-mudstone
	Yarrow Creek Mudstone		Silurian?	Dominantly thin-bedded mudstone, with subordinate cross-laminated siltstone
Inferred faulted unconformable contact				
Tippogoree Group	Turquoise Bluff Slate		Early-Middle Ordovician (graptolites)	Phyllitic dark grey-black slate; recumbent folds and cleavage
		Industry Road Member	Ordovician?	Interbedded phyllitic slate and foliated very fine-grained sandstone; ridge-forming recumbent folds and cleavage
	Stony Head Sandstone		Ordovician?	Graded thick-bedded fine-grained turbiditic sandstone with minor interbedded pelite; large-scale recumbent folds and cleavage

Table 1. Revised Stratigraphy of the Mathinna Supergroup

1.2.2 Structure and Mineralization

The Target mineralization styles in EL47/2010 are related to the known gold occurrences close to the intrusive contacts between Devonian granodiorite and contact metamorphosed Siluro-Devonian Mathinna Supergroup sandstones. Generally the geology in the tenement area is considered prospective for fracture system hosted and disseminated gold in both the granodiorite and sandstones near the contact with specific interest in the Whitings prospect as described below. There is sufficient encouragement

in the results from the Prospectivity Review undertaken by Tamar Gold Ltd to support new programs to test these aims.

The broader Whitings prospect occurs at the intersection of NW-striking faults, also implicated in gold mineralisation in the Denison-Golconda area, with granodiorite of the carboniferous Scottsdale batholith. Host-rock to mineralisation is the Devonian Sideling Sandstone (Seymour et al., 2011).

Exploratory adit and strike drive testing quartz-carbonate-sulfide (pyrite+arsenopyrite) veining. Strike development occurred on a fault-bounded zone with discontinuous veining and brecciation within sericite-silica-sulfide alteration. This alteration extends into the hangingwall and footwall of the mined zone which is between 0.5 and 1.0m wide.

Py+Apy masses occur with interstitial carbonate as isolated masses within quartz veining and as sulphide-dominant stringers and breccia. Quartz in veins has a sugary texture suggesting recrystallization and possibly indicating that the veining predates the Granodiorite intrusion. Vughy quartz crystal growth also observed.

The host-rock to orogenic mineralisation, such as that at Mathinna, is the older Lone Star Siltstone underlying the Sideling Sandstone. It is likely that the stock-work vein arrays as seen at the New Golden Gate deposit are preferentially hosted within the siltstone units which have significantly more bedding planes and well-developed cleavages which facilitate dilation and vein development. At Whitings, perhaps the more massive and permeable (?) sandstone has allowed for pervasive diffuse alteration but not significant vein-array development. Regardless, faults have focussed hydrothermal alteration and accompanying Au+Ag mineralisation at Whitings.

Petrological examination of a sample of sulfidic rock from the Whitings mine workings by Bottrill (2005) found significant arsenopyrite (<0.5mm diameter) and pyrite in lesser concentrations and coarser grains at up to 3mm diameter. This is consistent with observations of hand-specimens from the workings. Approx. 1% sphalerite, silver-sulphosalts, and tetrahedrite; was observed in the petrology. XRD of altered fault-gouge, as part of the same study, indicates dominant carbonate (as siderite), quartz, kaolinite, mica, pyrite, chlorite, and arsenopyrite. Bottrill described the alteration as argillic to phyllic and suggested that this may be epithermal mineralisation based on high Ag and Sb.

The relationship of diorite, occurring within the intrusive batholith, needs to be evaluated with respect to the Whiting's prospect. The fault zone on which the Whiting's workings are developed projects to the mapped location of diorite within the broader batholith.

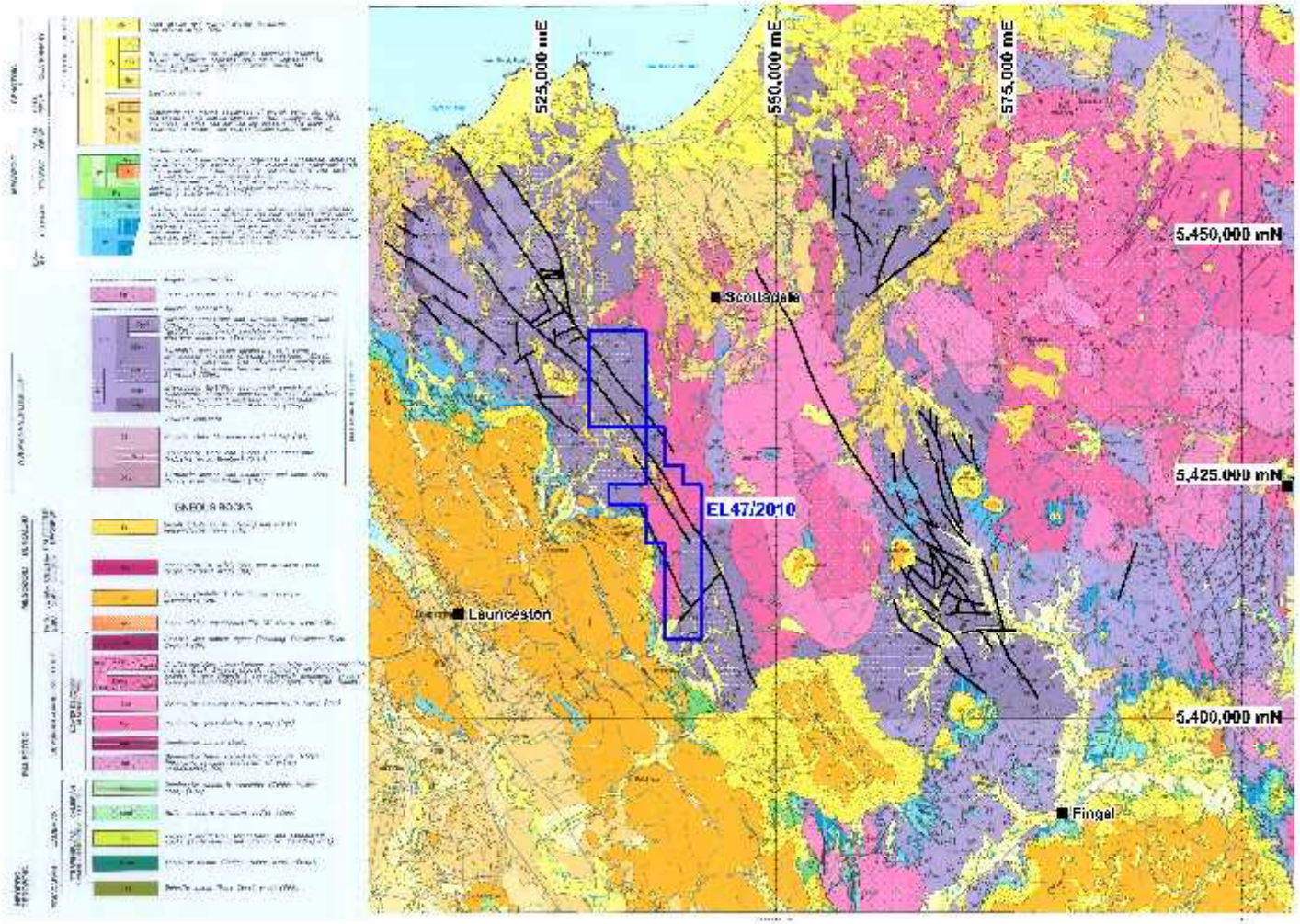

Figure 2. Geology of the Tayene area. Taken from MRT regional map

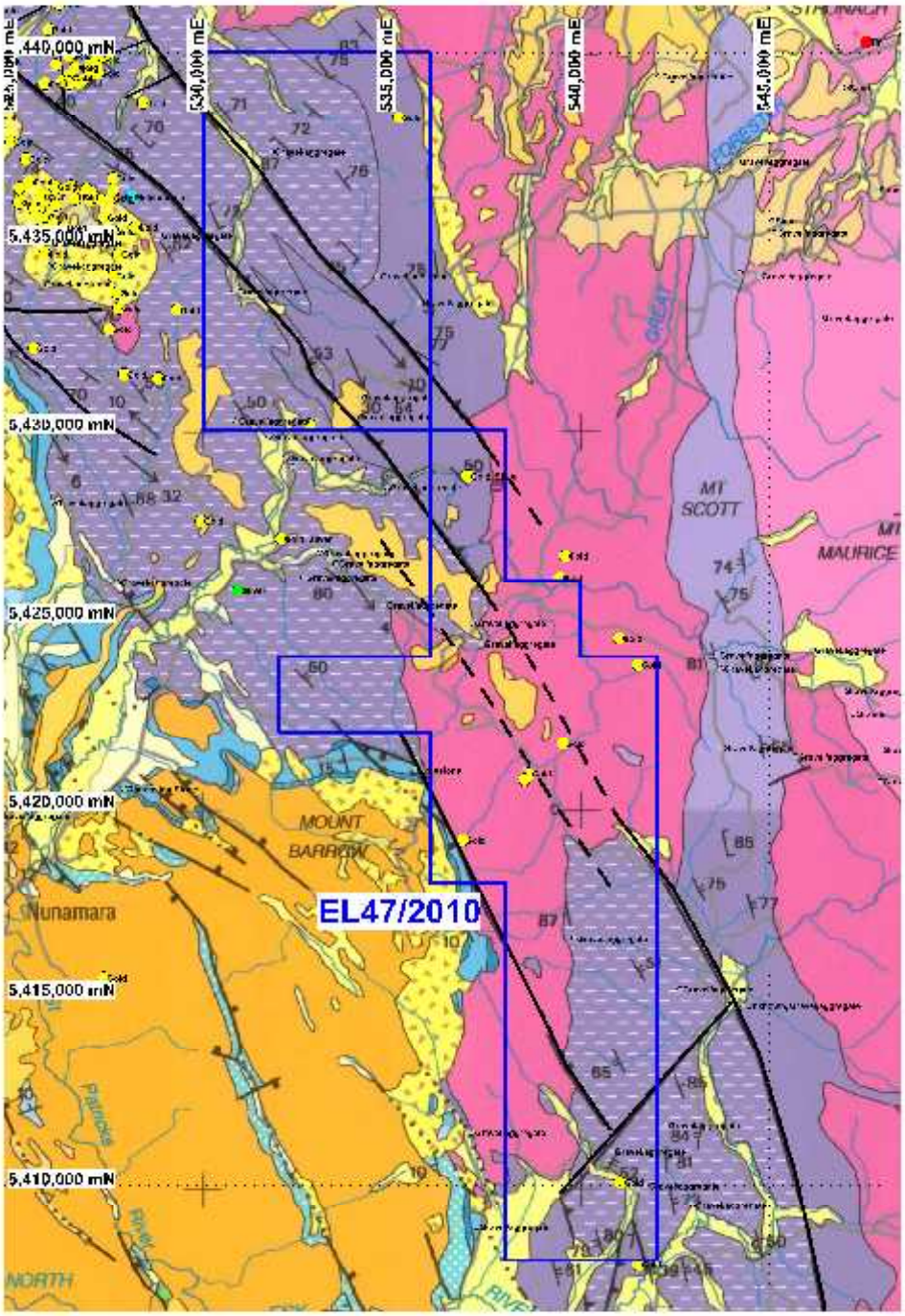

Figure 3. Geology of the Tayene area. Yellow dots are locations of gold deposits/prospects/occurrences.

2. CURRENT WORK

Over the previous 12 months this tenement license area has been part of the Regional Prospectivity review by Tamar Gold. Results from this project will highlight specific areas of ground for priority geological exploration.

3. PROPOSED EXPLORATION

On the completion of the Regional Prospectivity review, specific areas will be targeted for further exploration.

4. ENVIRONMENT

The company has environmental policies in place, including compliance with the Mineral Exploration Code of Practice, which minimise the impact that exploration activities have on the environment. The policies include guidelines on how to reduce the risk of spreading plant diseases and weeds as a result of day-to-day exploration tasks.

5. EXPENDITURE

3rd February 2011 – 2nd February 2012		
Geoscientific Costs	Geology	
	Geochemistry	
	Geophysics	
	Remote Sensing	
Drilling & Gridding Costs	Gridding	
	Drilling	
	Land Access Costs	
	Rehabilitation Costs	
	Feasibility Study Costs	
	Other Costs	
	Admin Costs	
	Total - eligible	