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WIDE LOWER-GRADE GOLD INTERSECTIONS (TO 106M OF 0.24 g/t GOLD) IN RC DRILL HOLES SUGGESTS BULK TONNAGE DEPOSIT POTENTIAL AT POTOROO PROSPECT, LISLE PROJECT (EL 2/92) – TASMANIA

High-tonnage, lower-grade gold potential in altered granodiorites has been demonstrated by TasGold from assay results of its recent RC drilling at the Potoroo Prospect. Drill hole P017 intersected 106m of 0.24 g/t gold (the entire hole was mineralised > ~0.1 g/t gold), including a peak of 1m of 2.60g/t gold. Other holes returned encouraging mineralisation, such as P018, with 26m of 0.57 g/t gold (hole was terminated prior to target depth due to adverse drilling conditions, but was entirely mineralised with gold grades increasing with depth to the end of hole at 0.71 g/t gold).

The target model for Potoroo is the Fort Knox Mine (with >5.0 M oz of gold within >169 million tonnes grading 0.93g/t gold) and exploration to date has confirmed many geochemical and geological similarities.

Drilling at Potoroo (which is a small Wallaby like marsupial) last year targeted higher-grade quartz veining and returned intersections at / very near surface such as 1m of 6.42 g/t gold (including a grab sample of quartz vein with 86 g/t gold), 2m of 4.51 g/t gold and 2m of 4.25 g/t gold with some intercepts within broad lower-grade gold mineralised zones such as 20m of 0.62 g/t gold and 30m of 0.30 g/t gold. This prospect was never discovered by historic prospectors / miners and was located by TasGold management from regional reconnaissance type soil sampling.

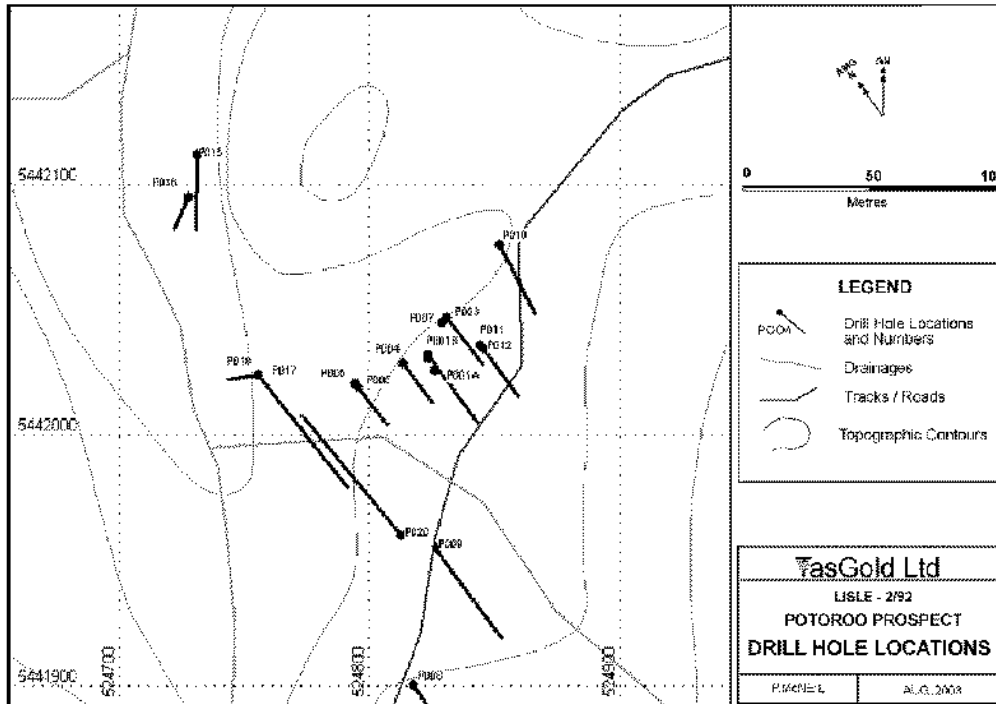
Potoroo is located at the confluence of adjacent and nested circular intrusion patterns, that define apparent ENE and N trending structural zones and high-grade gold vein mineralisation in granodiorites/ overlying sediments is known to be associated with both these trends in the local area / district. In addition, the Potoroo, Gold Crest and Enterprise Prospects are located over a >2 kilometre strike length within a NW trending magnetic low (between significant highs), that appears to host the entire mineralised system in this immediate area.

The specific orientation of the gold mineralisation is not well constrained at Potoroo and as such it is difficult to assess the overall potential of the prospect. Additional drilling is warranted and may be undertaken, depending on priorities, after follow-up diamond drilling at the Enterprise Prospect that is scheduled to commence in early September.

The Lisle Project target models also include high-grade vein style deposits such as Pogo in Alaska (5.15 M oz of gold - 9 million tonnes at 17.8g/t gold) and Beaconsfield in Tasmania (>1.85 M oz of gold - 2.91Mt at 19.8g/t gold) . RC drill assay results announced last month for the Enterprise Prospect, located approximately 1.5 kilometres to the SE of Potoroo, confirmed the existence of high-grade gold zones [ore shoots] to 4m of 12.8 g/t Au, within each of two closely associated, sub-parallel, stacked, moderately westerly dipping, north striking quartz veins over a strike length of ~400m.

The table below lists information relevant to the company's recently completed second round of RC drilling at the Lisle / Lone Star Project (Potoroo – 6 holes, Kelly's – 2 holes, Junction Star – 1 hole and Enterprise – 1 hole) that consisted of 10 holes for 659m in 3 prospect areas. Additional plans and information can be perused in recent releases and the company's prospectus.

RC drill hole E014 tested near the western edge of the large gold /arsenic mineralized envelope in soils and NW trending magnetic low, ~halfway between Enterprise and Gold Crest Prospects. The hole intersected prospective quartz veining / alteration and returned interesting, but not economic results. Dip extensions to this low tenor gold mineralisation may be targeted in the future.



One hole was drilled at the Junction Star Prospect for 58m total depth, targeting an isolated roadside gold and arsenic in soil anomaly, but did not return any potentially economic intersections of gold mineralisation. This area was recently excavator trenched and exposed an E-W trending altered granodiorite dyke intruding Mathinna Beds, with virtually no quartz veining. Trench channel sampling returned 36m of 0.14g/t gold (maximum of 0.23 g/t gold), apparently disseminated through the host rock.

Two angled RC holes (K001 & K002) for 122m total, were drilled at Kelly's (Trevor's) Prospect (EL 41/02) targeting a narrow quartz vein (15.7 g/t gold) at surface in a cohesive gold and arsenic soil anomaly, located approximately 160m west of existing minor stoping / old workings (with remaining pillars to 35.6 g/t gold over 30cm at -4m below surface level). Hole 2 returned 1m of 1.32 g/t gold from 69 to 70m downhole, proving continuity of the mineralised zone, albeit at lower grades of gold mineralisation.

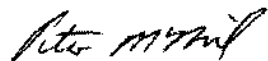
TasGold is pleased with the results noted herein and the next phase of exploration at Potoroo will involve diamond drilling to locate higher tenor disseminated gold mineralisation and better define the width, attitude, extent and structural controls on such zones, in addition to the higher-grade gold veins.

The next round of diamond drilling at the Lisle Project is planned to follow-up the high grade gold intersections noted last month at the Enterprise

RC Drill Assay Result Highlights											
Hole ID	Easting	Northing	RL (masl)	EOH Depth	Azimuth	Dip	From (m)	To (m)	Length (m)	Grade (Au g/t)	
P015	524731	5442112	126	60	180	-80	43	44	1	0.66	
P016	524728	5442095	126	45	214	-70	19	20	1	0.40	
P017	524755	5442024	124	106	141	-55	0	106	106	0.24	
							incl.	5	48	43	0.36
							incl.	19	20	1	1.81
							incl.	42	43	1	2.60
							incl.	81	88	7	0.26
							incl.	93	100	7	0.34
P018	524757	5442024	124	28	262	-55	2	28	26	0.57	
P019	524852	5442076	132	58	153	-55	16	19	3	0.20	
							plus	32	37	5	0.24
P020	524813	5441960	133	112	320	-55	20	54	34	0.30	
							incl.	45	46	1	1.35
							plus	58	61	3	0.21
							plus	66	67	1	0.81
							plus	70	71	1	0.44
							plus	72	73	1	0.59
E014	525878	5441322	116	70	87	-55	11	15	4	0.13	
							plus	19	20	1	0.22
							plus	31	34	3	0.15
							plus	43	52	9	0.10
							plus	67	70	3	0.10
JS001	526436	5441527	105	58	182	-55	8	12	4	0.13	
K001	524400	5439376	170	46	51	-55	No significant assays				
K002	524371	5439405	170	76	0	-55	69	70	1	1.30	

Prospect, also the known gold in quartz veins at Gold Crest/ Virginia Ridge Prospects (previous results to ~66 g/t gold) and evaluate the previously undrilled high-grade targets at the Panama Prospect (adit samples to 71 g/t gold) and also other targets within the Lisle / Lone Star Project Area.

Please see www.tasgold.com.au for additional information on TasGold's projects and management.



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