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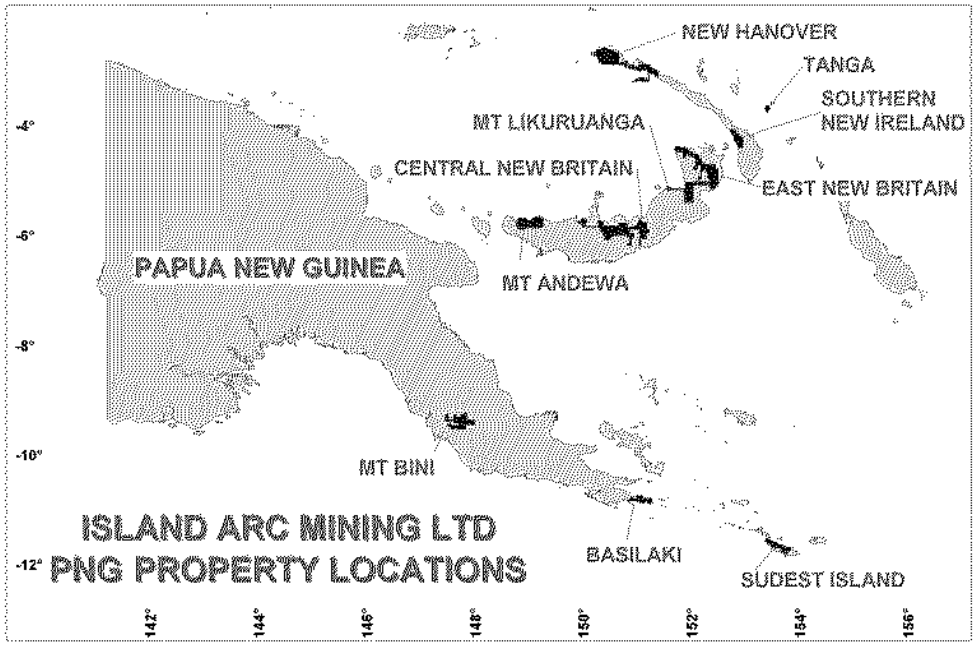
# PAPUA NEW GUINEA PROSPECT SUMMARIES

TasGold noted earlier today in a release to the ASX, that it has transferred it's ownership of Island Arc Mining Ltd (IAML - previously a 100% owned subsidiary) with 10 EL applications in Papua New Guinea covering ~11,000km$^2$, to Fraserfund Financial Corp. (Fraser) of Canada in exchange for 15% free carried interests on all ELAs, 15% contributing interests in subsequently granted Mining Licenses or Special Mining Licenses for project development, ~33% initial equity in Fraser itself and the right to nominate P.McNeil as the new President / CEO/ Director of Fraser.

Papua New Guinea hosts mega gold mines/ deposits at Lihir (>45Moz), Porgera (>26Moz) & Misima (>5Moz), porphyry copper/gold deposits such as Ok Tedi (>10MozAu + 3Mt Cu), Panguna (>16 Moz Au + 5Mt Cu), Frieda (>9Moz Au + 5.3Mt Cu) & Grasberg (Irian Jaya - >52M oz Au+12.5Mt Cu) and nickel/cobalt at Ramu (~220 Mt of 0.98% Ni+0.1% Co) and has a long history of profitable resource developments. Island Arc Mining believes it's ELAs have mineralisation potential, geologic and structural characteristics similar to the above mines / deposits.




Available geological and geochemical information has confirmed that all Island Arc's properties in PNG have good potential for various combinations of very large epithermal gold, porphyry copper / gold, various intrusive related, skarn, quartz-sulphide vein, lateritic nickel and/or platinum group metal deposits and also excellent potential for smaller to medium tonnage, medium to high grade gold deposits.

The flagship property of the IAML group is the Mt Bini Project (Ofi Creek Deposit) which has gold equivalent Inferred Resources historically calculated in 1996, totalling >3.7 million ounces (TasGold has not re-calculated this resource). Other IAML ELAs have trenches with 205m of 1.9g/t Au (incl. 55m of 5.8g/t) and 10.9m of 26.9g/t Au (incl. 1.0m of 147.8g/t) in separate prospects and neither have been evaluated by drilling. I believe that it is a property portfolio that is second to none for a Junior Resource company and estimate that more than US$15 million was spent between the mid-1960's and late-1990's locating and defining the projects and bringing the database to its present form.

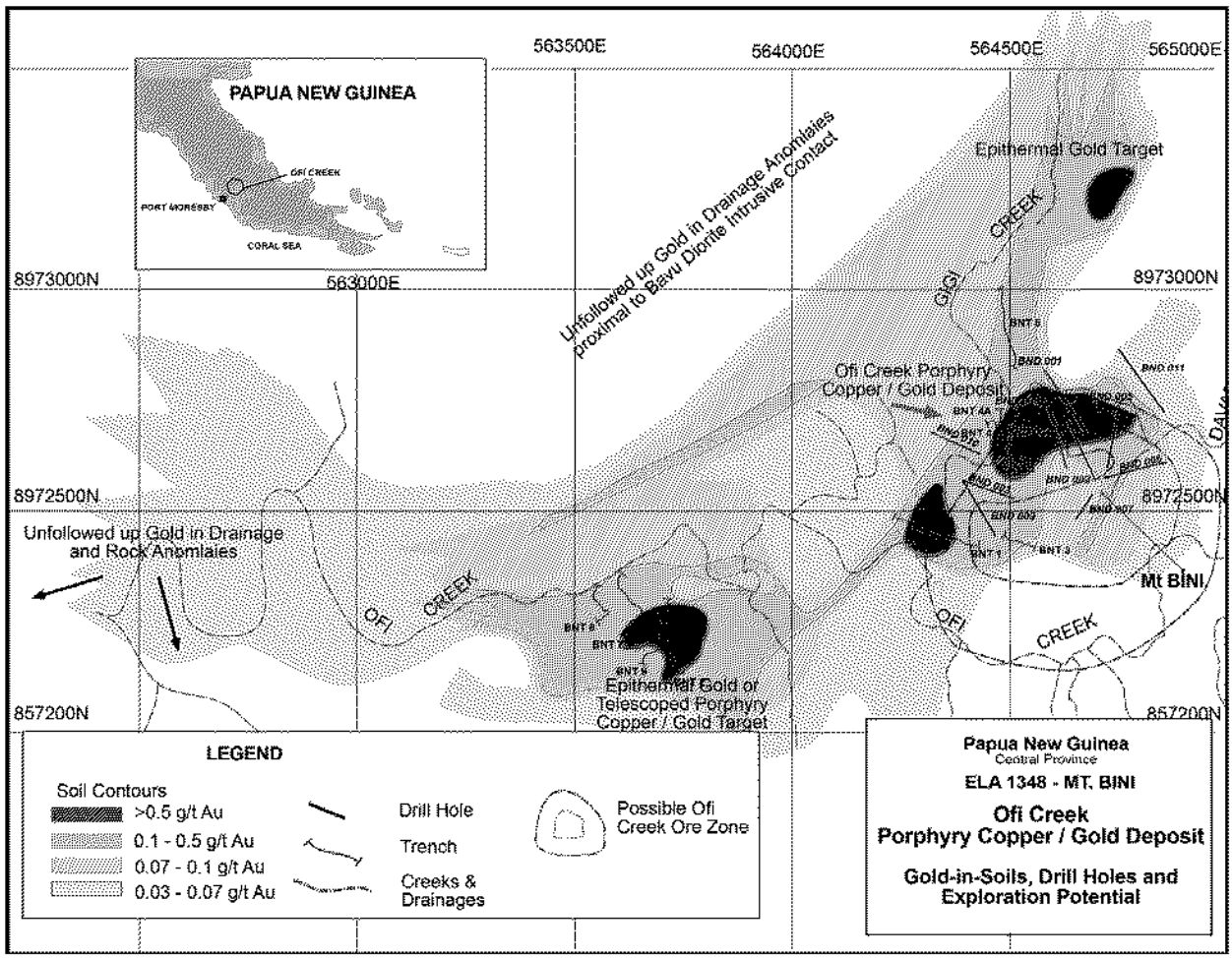
Fraser's 'Independent Geologist' and TasGold's Managing Director, Consultant Geologist and Senior Geologist have recently initiated/undertaken extensive data compilation/evaluation on all projects and/or visited the Mt Bini Project site, undertaken ground truthing, evaluated possible drill targets and completed public relations/landowner liaison with the enthusiastic local people. It is anticipated that drilling will commence on well defined epithermal gold and porphyry copper/gold targets at the Mt Bini ELA as soon as possible subsequent to granting by the Minister for Mining (which is expected to occur imminently).

Highlights of the 10 Island Arc Mining Ltd ELAs are listed below.

**MT. BINI PROPERTY (ELA 1348)**

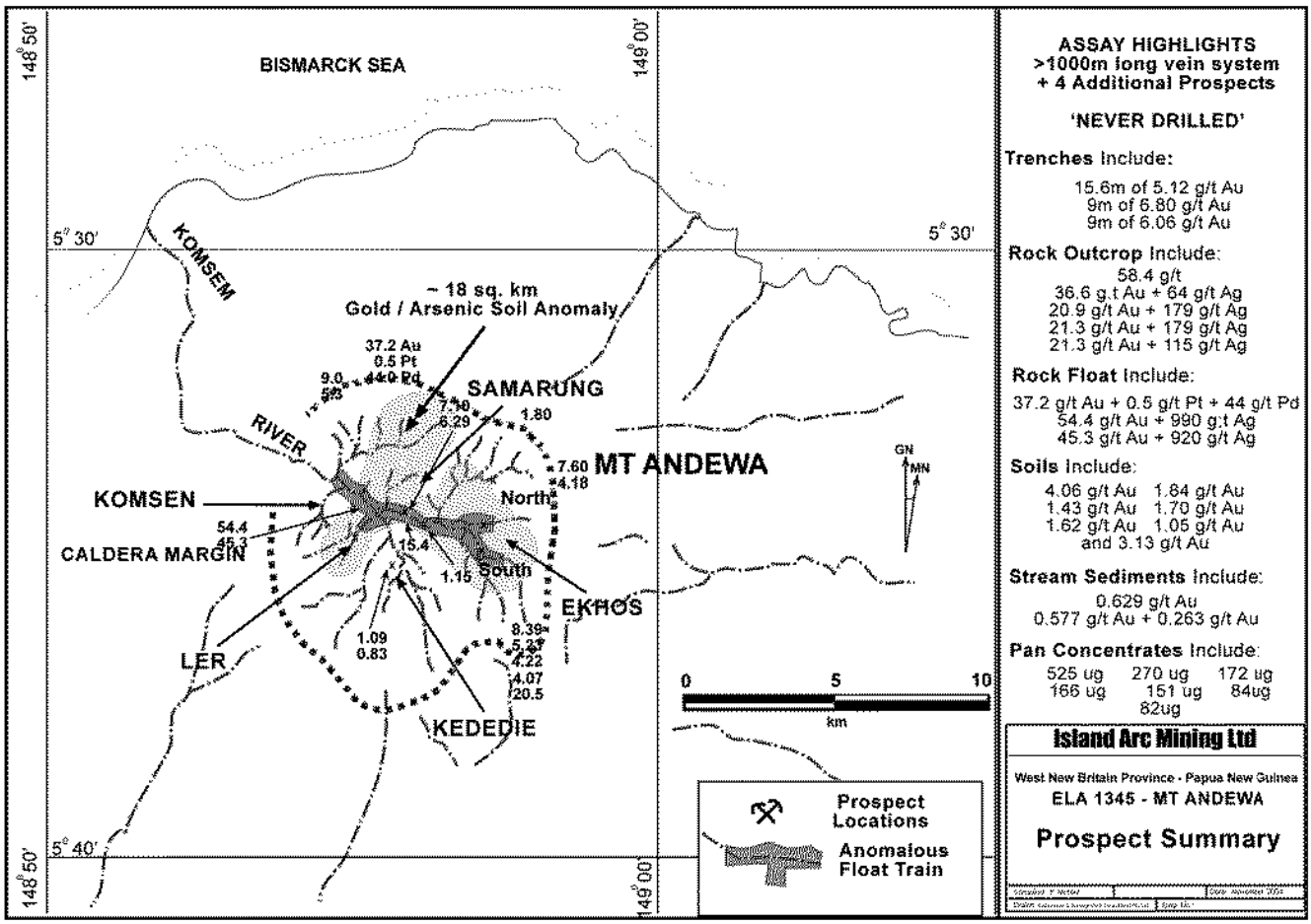
**Ofi Creek Porphyry Copper/Gold Deposit + Epithermal Gold Prospects**

- **Inferred Resource of ~85Mt of 0.6 g/t Au + 0.4 % Cu was calculated by BHP (3.7 Moz. Au equiv.)**
- Deposit is open in several directions and at depth, with excellent potential for increasing it.
- **Only 11 holes drilled for ~3,600m** (8 terminated in mineralisation)
- Results such as BND003 – **184m of 1.00 g/t Au + 0.31% Cu** (42 to 226m dh) and BND004 – **401m of 0.56 g/t Au + 0.51% Cu (entire hole)**
- Trenches include **110m of 1.25 g/t Au** + 0.1% Cu.
- The associated **gold in soil anomaly** is open ended to the SW and NE (**>2,500m x 700m**)
- Gold in soil anomaly includes 3 cohesive known higher grade zones, 2 of which are undrilled and 1 is ~700 x 500m in size, located ~1,000m WSW of the existing holes and probably represents an epithermal target (**outcrop quartz veining to 20.3 g/t Au in trench**).
- ~1,084km$^2$ ELA **with ~570km$^2$ of drainage gold anomalies in 13 zones** that have only had limited follow-up completed.
- Excellent logistics for exploration / development
- Located ~50km from the National capital of Port Moresby and ~ 12 linear km from road access.



## MT ANDEWA PROPERTY (ELA 1345)

- Five high stratigraphic level, **undrilled** epithermal gold prospects
- Prospects contained within a **7,000m x 2,500m NW trending fracture /structural zone in an** ~9km wide, eroded, breached to the NW, calc-alkaline, multi-phase, extinct stratovolcano /caldera with substantial hydrothermal alteration.
- Very near the coast in West New Britain Province.
- Gold/arsenic anomalous soil geochemistry reported over an embayed triangular shaped area of ~18km$^2$.
- **>1,000m long vein system at the Komsen Prospect.**
- Assays include many anomalous stream sediments (silts to 0.629 g/t Au and pan-concentrates to 525ug contained gold/12.1 g/t Au)
- Soils to 4.06 g/t Au and outcrop rock to 58.4 g/t Au [often with high silver +/-Pb/Zn]
- **Trenches to 15.6m of 5.12 g/t Au + 5.9m of 3.86 g/t Au + 5.1m of 3.27 g/t Au, 9m of 6.80 g/t Au and 9m of 6.06 g/t Au.**
- Large 1,067 km$^2$ ELA has 'barely' been examined and also covers the Mt Schrader volcano (to the west)
- Similar tectonic setting to the Lihir deposit & perhaps with similar potential.



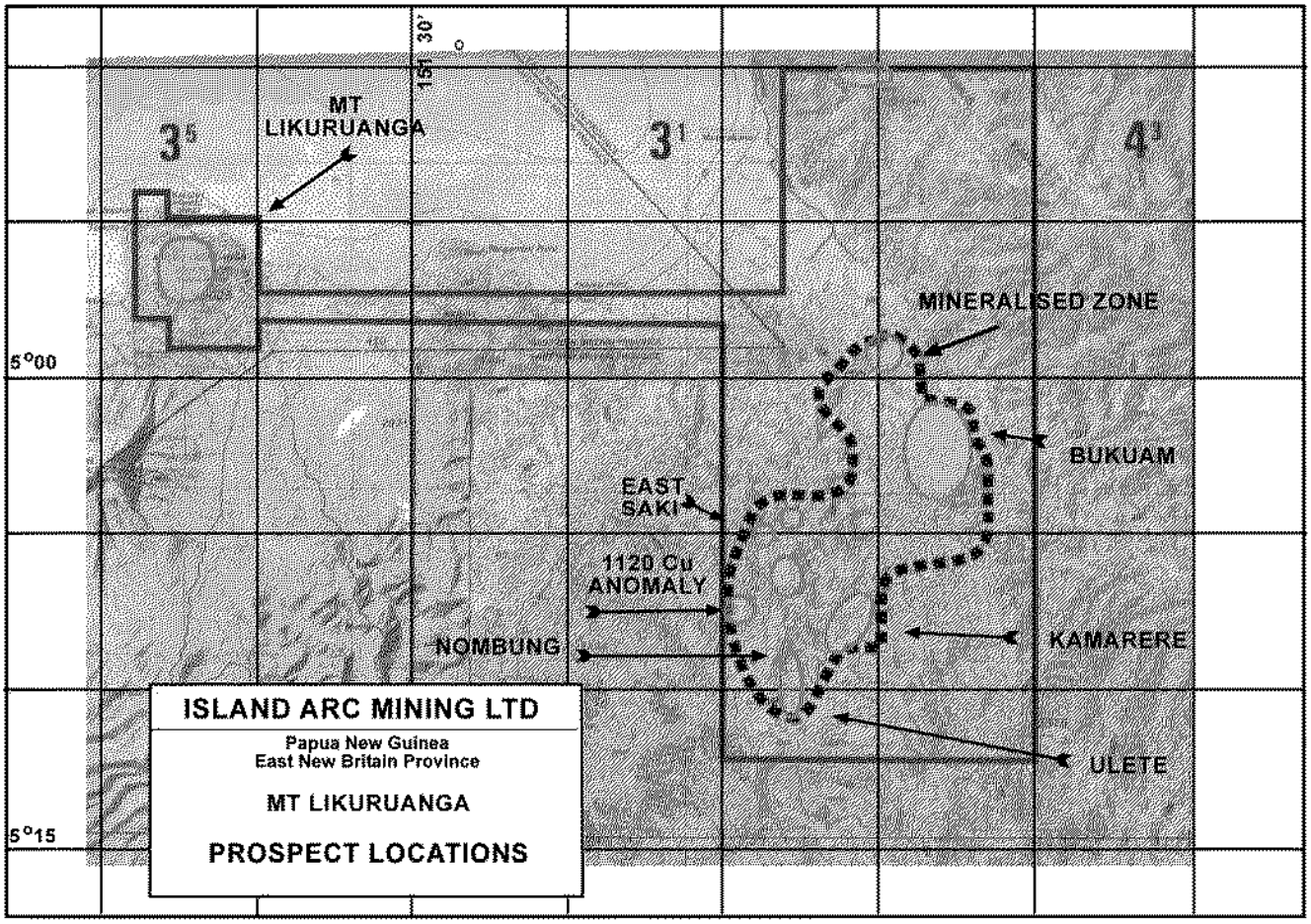

## MT LIKURUANGA PROPERTY (ELA 1351)

- Significant untested exploration potential exists in the 811km$^2$ ELA

**Bukuam Prospect**

- Limited trenching returned **205m of 1.9 g/t Au (incl. 55m of 5.8 g/t Au, incl. 5m of 13.1 g/t Au), 10m of 5.1 g/t Au and 70m of 1.7 g/t Au** in different zones
- Only 3 holes drilled with results such as 6m of 2.2 g/t Au + 9.5 g/t Ag + 1.2% Zn, 2m of 3.5 g/t Au + 9.5 g/t Ag and 10m of 1.7 g/t Au + 2.7 g/t Ag + 4.8% Zn.

- The 205m trenched interval remains untested by drilling.
- Gold grade in the skarn could increase towards the shear zone with a possible bonanza at the contact according to previous CRA workers.




**Ulete and Esis Porphyry copper occurrences**

- No significant work for about 30 years and no emphasis on gold.
- Cu anomalies are developed on the western margin of an ~100km$^2$ Oligocene calc-alkaline intrusive complex.
- Complete data compilation required to ascertain importance of porphyry copper targets.
- Gold was not routinely analysed for, but the limited soil lines show significant gold anomalous requiring follow up.

**Mt Likuruanga Prospect**

- A conceptual play, with strongly clay-pyrite altered exposures on the lower north-western slopes of the volcano, near where it is breached towards the sea.
- Some intensely pyritic (~20%) rocks occur as a prominent knob that is weakly copper, molybdenum, gold, mercury and arsenic anomalous.
- Hydrothermal alteration, pyritisation and the presence of a weak geochemical anomaly is encouraging
- **The geochemical association, alteration assemblages and structural setting suggests a Lihir target.**

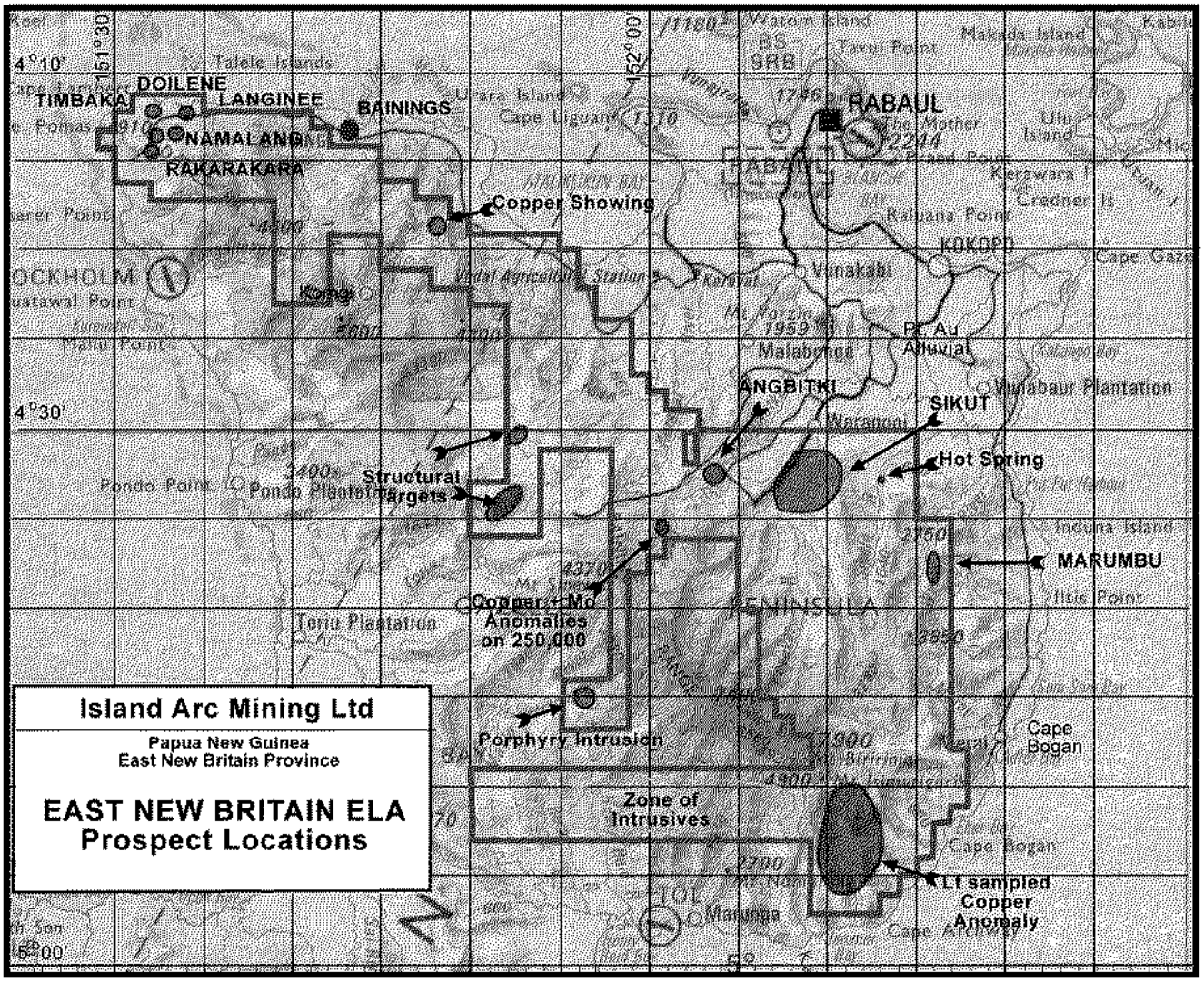
## EAST NEW BRITAIN PROPERTY (ELA 1356)

- Large ELA covering 2,112 km$^2$

**Doilene Prospect**

- Limited bulldozer trenching included **10.9m of 26.9 g/t Au (incl. 40cm of 136.4 g/t Au and 1.0m of 147.8 g/t Au), 2m of 16.9 g/t Au, 4m of 9.84 g/t Au**, 3.5m of 5.14 g/t Au & 3m of 4.65 g/t Au.

- **Visible gold** and anomalous pan concentrate gold values are noted associated with an altered intrusive dyke
- Limited previous soil sampling
- Scout drill testing required of this coastal prospect.




**Mali Prospect**

- **Toxic element anomaly defined over an 80 km² area** associated with the Sikut caldera

**LK1 Breccia Prospect**

- Outcrop sampling up to **2.5m of 9.6 g/t Au, with grab samples to 17.8 g/t Au**

**Palang Hill Prospect**

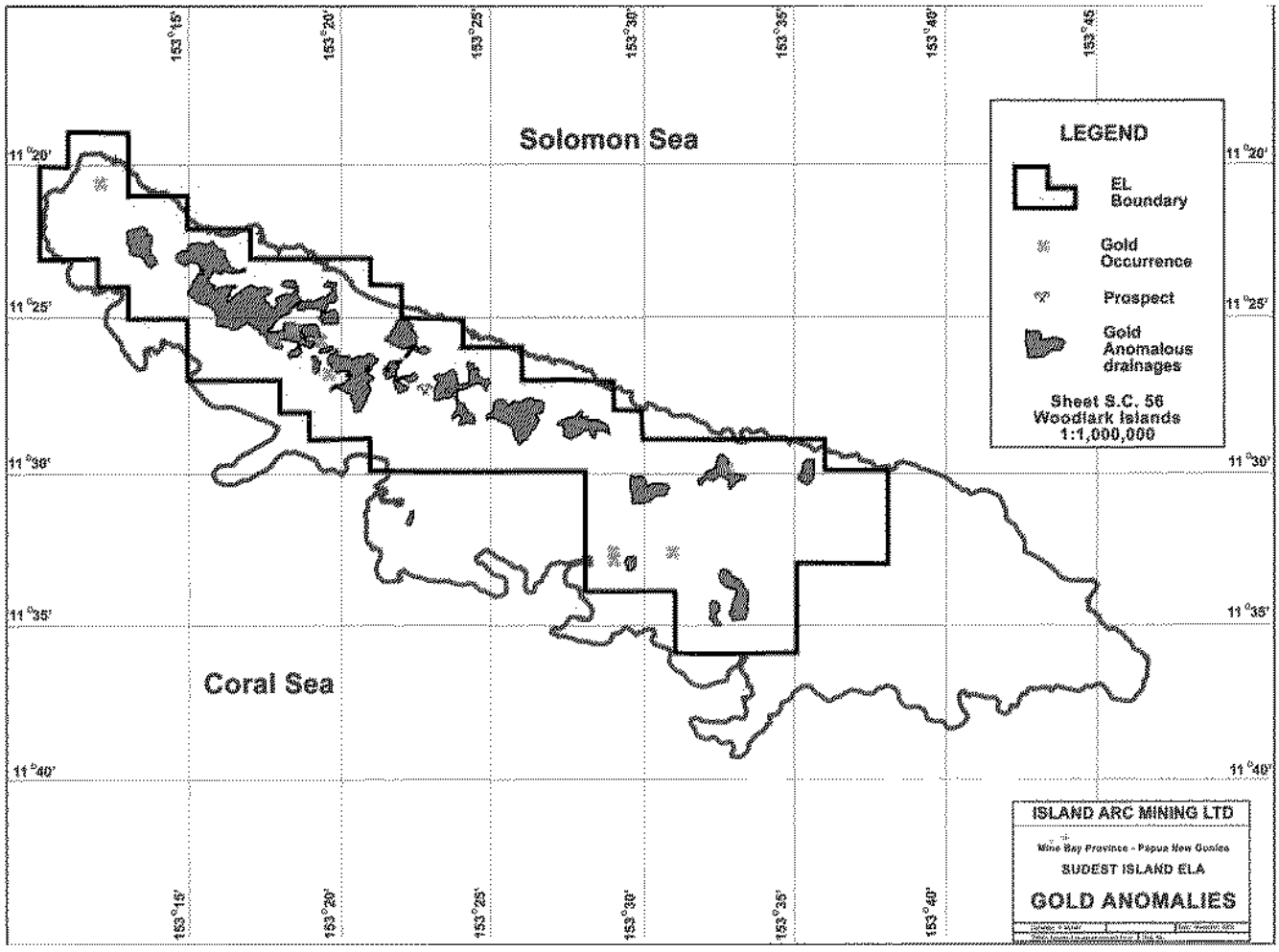
- 500m by 100m brecciated and veined zone
- Trenches to **12m of 2.64 g/t Au** in the central part of the prospect and **15m of 2.13 g/t Au** in the northern section of the area.
- A 2.5 m rock-chip channel sample returned 9.66 g/t Au + 0.198%Cu + 12 g/t Ag.

**Angbitki Creek Prospect**

- Alluvial **platinoids** (Pt, Pd) and gold occur in two adjacent tributaries
- Pan concentrates to **29.44 g/t Au (385ug), 22.7 g/t Pt (282ug) and 0.45 g/t Pd (5.5ug)**
- No follow-up in the 3 $km^2$ target area
- Unique in the PNG islands.

## SUDEST ISLAND PROPERTY (ELA 1346)

- 469km² ELA contains the first known gold occurrence in PNG
- Proximal to the highly successful +5M oz Misima Deposit/ Mine
- Never been drilled and very limited follow-up ever undertaken
- Contains a **25km long zone of highly anomalous gold geochemistry in drainages**
- **Less than 10% of the strike has even been cursorily evaluated by soil geochemistry** or trenching
- **Results to 151.2 g/t Au in outcrop, 2m of 104.5 g/t Au in trench and 260.0 g/t Au in float rock**
- 2,540 ppb Au in BLEG, 1.49 g/t Au in stream sediment and 387.0 g/t Au in pan-concentrate
- High-grade gold quartz veins and variably altered intrusive suites (similar to mineralised porphyry systems) offer very attractive targets
- Logistics for exploration and development are very good.
- Further detailed exploration is strongly warranted

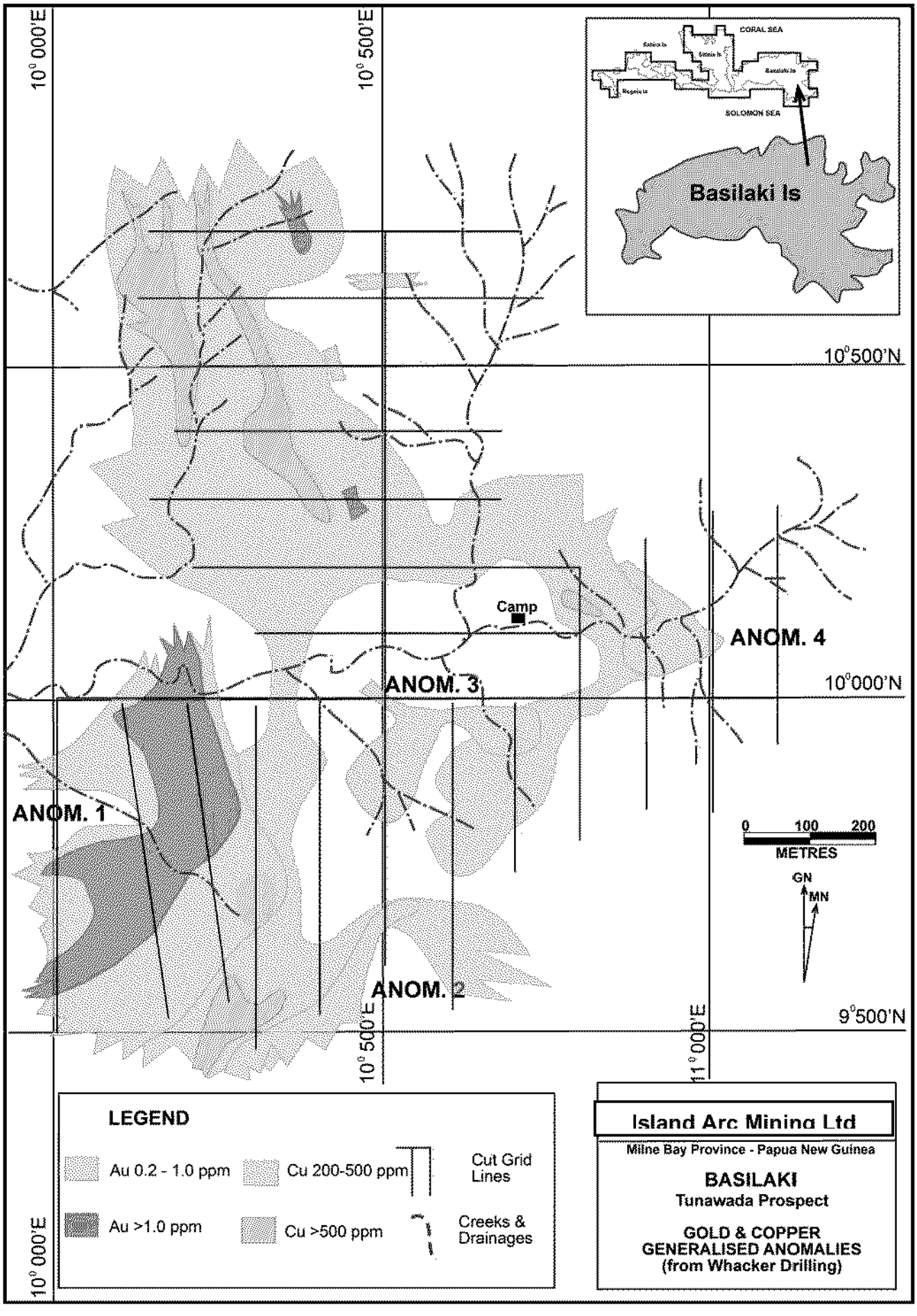



## BASILAKI ISLANDS PROPERTY (ELA 1347)

- 345km² ELA with 5 undrilled prospect areas

**Tunawada Prospect**

- Results to 0.12 g/t Au in silt, 1.1 g/t Au in pan-concentrates and 180 ppb in BLEG
- Detailed follow-up investigation included geological mapping and soil sampling (to 1.25 g/t Au)
- **Whacker 'bedrock sampling' to 21.0 g/t Au** (25m spacings on 100m lines)
- **Rock chip sampling to 28.1 g/t Au in outcrop and channel sampling to 1.75 m of 17.8 g/t Au**
- **1 km² soil anomaly** with gold values >0.05 g/t Au and >200 ppm Cu
- Soil anomalies defined cover up to **500 x 300 metres averaging >0.2 g/t gold and up to 500 x 100 metres averaging >1.0 g/t gold.**


10° 000'E
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CORAL SEA
SOLOMON SEA
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0 100 200
METRES
GN
MN
ANOM. 2
9°500'N
11° 000'E
LEGEND
Au 0.2 - 1.0 ppm
Cu 200-500 ppm
Cut Grid Lines
Au >1.0 ppm
Cu >500 ppm
Creeks & Drainages
Island Arc Mining Ltd
Milne Bay Province - Papua New Guinea
BASILAKI
Tunawada Prospect
GOLD & COPPER
GENERALISED ANOMALIES
(from Whacker Drilling)

## CENTRAL NEW BRITAIN PROPERTY (ELA 1360)

- Very Large 2565km² ELA located near the provincial capital and deep water port of Kimbe in West New Britain Province

**Uasilau / Yau Yau Prospect**

- Elongate 9,000 x 2,000m zone of anomalous copper in region with variable ash cover and gold anomalism (where evaluated).
- Large associated area of advanced argillic alteration – possible epithermal gold mineralisation
- Gold analyses are limited, but significant gold anomalous areas in soils and rock-chips warrant follow up in addition to the porphyry copper potential.

**Pelepuna Prospect**

- Located ~14 km south of Uasilau
- Zinc-+/-gold skarn - data to be better complied and evaluated.
- Gold analyses are limited, but significant gold anomalous areas in soils and rock-chips warrant follow up.

**Mt Du Faure Prospect**

- Fracture controlled, northwesterly trending zone (**5 kms by 1 -2 kms) of advanced argillic alteration and arsenic and mercury anomalies**
- Located on the northern side of partially eroded extinct Quaternary volcano with excellent logistics

**Iglik Prospect**

- **A major gold anomalous zone defined by stream sediment sampling (up to 233 g/t Au in PC)**
- Limited bulldozing showed quartz porphyry dykes and quartz-limonite vein stockworks with up to 3m of 4.5 g/t Au and four inconclusive holes were drilled.

**North Iglik**

- **To 16.5 g/t Au in anomalous stream sediments.**
- Never effectively followed up

**General**

- Many unchecked drainage anomalies
- Uasilau porphyry copper occurrence and associated possible epithermal targets – no work in >20 years

## TANGA ISLAND PROPERTY (ELA 1358)

- ELA covers 79km² over discrete "Lihir Deposit" type targets.

**Sereng Prospect**

- I.P. survey conducted
- Almost circular (**~250m in diameter) strong chargeability and resistivity anomaly revealed coincident low resistivity anomaly possibly in altered zone from a fossil geothermal system, open to the southeast**
- Weakly anomalous soils, with up to 1.9 g/t Au in float
- Limited hand / bulldozer trenching and 12 fairly ineffective 'aircore' holes drilled with 9 revealing open vugs infilled with pyrite, indicative of boiling (a very good indicator in epithermal systems)

**Put Cliff Prospect**

- Defined by cliffs of strongly ferruginous weathered smectite clay and strongly altered fault breccia boulders
- Six air core holes completed which showed major zones of strong hydrothermal alteration

(argillisation) and associated pyritisation.
- No additional effective follow up completed on the island for 18 years

**NEW HANOVER ISLAND PROPERTY (ELA 1359)**

- ELA covers 2014km² over several geologically prospective environments
- **15 kilometre long (width undefined), highly prospective** broad discontinuous northwest trending zone, on the south coast of the island
- **Quartz veins up to several metres wide contain gold grades of up to 5 g/t.**
- Many prospects and mineralised areas identified by floats and sub-crops of intrusives which have been hydrothermally altered, brecciated and mineralised by cherty and fine grained silica, quartz, pyrite and arsenopyrite.
- Zone defined by anomalous gold in stream silts, pan concentrates and soils
- Significant BLEG anomalies in the Sania and Taimo Rivers
- Very good, only marginally tested area with potential for large 'high sulphidation' gold deposits
- Systematic detailed exploration is strongly warranted.

**SOUTHERN NEW IRELAND PROPERTY (ELA 1357)**

- ELA covers 479km² with 3 main prospects

**Danlillian River**

- **Four by two kilometre area of intense argillic alteration**
- Pan concentrate anomalies and low gold in rock occurrences
- Indicative of a **high- sulphidation epithermal** system

**Palabong Prospect**

- Gold in stream sediment and pan concentrates
- Silicified and clay altered rocks
- Large area of intensely altered granodioritic intrusive / acid volcanics

**Palabong/ Hirudan Plutonic Complex**

- Prospective for epithermal vein and disseminated precious metal mineralisation.

Previous releases noted that TasGold's 2 PNG subsidiaries, TasGold PNG Ltd (TGDPNG) and IAML, had applied for 9 and 5 ELAs in PNG respectively. Restructuring of the applicants for these ELAs has occurred and 5 of the original TGDPNG ELAs have been transferred to IAML, so that the Fraser agreement can proceed as noted. TGDPNG remains 100% owned by TasGold, it's 4 ELAs are all geographically clustered in the highly geologically prospective Highlands of PNG and TasGold will either seek a new stock exchange listing for TGDPNG, work the areas itself, joint venture them or combinations of the possibilities, depending on circumstances.

The TGDPNG ELAs cover ~2,500km² with many well defined, high quality prospects with immediate drill and trenching targets, many less advanced prospects and numerous grassroots drainage anomalies requiring follow-up exploration. Year 1 required expenditure for all the TGDPNG ELAs is only K365,000 (~A$160,000) after they are granted. The ELAs are subject to normal granting procedures, being Mining Advisory Board recommendation and Ministerial approval. Descriptions of the TDGPNG projects and plans will be released in due course.

Peter McNeil M.Sc.
**Managing Director**