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8th September 2005

Company Announcements Office
Australian Stock Exchange

Dear Sir,

RE: ANNUAL REPORT FOR YEAR ENDED 30 JUNE 2005

We enclose the Annual Report for the year ended 30 June 2005.

The Annual General Meeting of Shareholders will be held at the Hall of the Church of the Holy Spirit, 73 Salerno Street, Isle of Capri, Queensland on Thursday 3 November 2005 at 1.00pm.

Yours faithfully
TASGOLD LTD



G.M. Edwards
Company Secretary

Encl.

TASGOLD LTD

ABN 96 095 684 389

Annual Report 2005

Exploration in
Tasmania and Papua New Guinea

www.tasgold.com.au
ASX: TGD

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SCHEDULE OF TENEMENTS

TASMANIA

<i>EL 2/1992 Lisle (12 km²)</i>	<i>TasGold 100%</i>
<i>EL 20/1996 Elliott Bay (11 km²)</i>	<i>TasGold Ltd 90%, (McNeil Associates/EMC 10%)</i>
<i>EL 21/1999 Wanderer River (105 km²)</i>	<i>TasGold Ltd 90% (McNeil Associates/EMC 10%)</i>
<i>EL 41/2002 Lone Star (37 km²)</i>	<i>TasGold 100%</i>
<i>ELA 29/2003 Gowrie Park (203 km²)</i>	<i>TasGold 100%</i>

PAPUA NEW GUINEA

<i>ELA 1349 Awari (101.4 km²)</i>	<i>TasGold PNG Limited 100%</i>
<i>ELA 1350 Leonard Shultz (1186.4 km²)</i>	<i>TasGold PNG Limited 100%</i>
<i>ELA 1344 Bulago River (365 km²)</i>	<i>TasGold PNG Limited 100%</i>
<i>ELA 1343 Jimi Valley (818 km²)</i>	<i>TasGold PNG Limited 100%</i>

*ELAs are subject to normal PNG Mining Act granting procedures

TasGold PNG Limited is 100% owned by TasGold Ltd

CORPORATE DIRECTORY

<p>NON-EXECUTIVE CHAIRMAN Bob D. McNeil</p> <p>MANAGING DIRECTOR Peter A. McNeil</p> <p>NON-EXECUTIVE DIRECTORS Graham J. Fish Warren J. Staude</p> <p>COMPANY SECRETARY Garry M. Edwards</p>	<p>HEAD OFFICE & REGISTERED OFFICE Level 1, 94 Bundall Road Bundall, Qld 4217</p> <p>POSTAL ADDRESS: PO Box 7996 Gold Coast Mail Centre Qld 9726 Australia</p> <p>Telephone: (07) 5592 3666 Facsimile: (07) 5592 2275 Email: info@tasgold.com.au Website: www.tasgold.com.au</p>	<p>SHARE REGISTRY ASX Perpetual Registrars Limited Level 22, Hong Kong Bank Building 300 Queen Street Brisbane Qld 4000</p> <p>AUDITORS PricewaterhouseCoopers Waterfront Place 1 Eagle Street Brisbane Qld 4000</p>
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LETTER FROM THE CHAIRMAN



Dear Shareholder,

TasGold has continued to be extremely active on the exploration front throughout the past year. We have had success on several fronts but unfortunately no major discoveries as yet. We remain very optimistic.

Good drill intersections were obtained from three Tasmanian properties, the SMRV Project, Lisle Project and Gowrie Park Project. The results are shown in the 'Highlights' section and also later in this report. All three of these projects gave tantalising results and were technical successes requiring further drill testing over the coming year.

The project which could be a "company maker" in the near term is the Kodu Deposit (formerly Ofi Creek or Mt Bini Deposit) in Papua New Guinea. This project is being funded by Canadian JV partner and TSX Venture Exchange listed Company - South Pacific Minerals Corp. TasGold has no financial exposure until the construction phase and retains a 15% free carried interest in the property (to completion of a bankable feasibility and financial closure). TasGold also has 3 million shares in South Pacific Minerals Corp. for a current effective equity in the projects of ~29%. The Kodu system could be a very large resource of copper and gold with possibly significant molybdenum. This is potentially a major asset for TasGold.

TasGold's Managing Director Peter McNeil also manages the exploration for South Pacific Minerals Corp. and consequently has a significant influence on the direction of the program. Peter is to be commended for his foresight in acquiring the Kodu deposit originally for TasGold and for negotiating the excellent deal with South Pacific.

The past year has been challenging for most explorers and TasGold was no exception. It has been quite difficult to generate the interest in the Company that we believe it deserves, however with a continuous stream of drill results over the coming twelve months, particularly from Kodu, we are hopeful of promoting increasing interest in the Company within the near term.

I wish you a successful 2006.

A handwritten signature in black ink, appearing to read "R.D. McNeil". The signature is fluid and cursive, written in a professional style.

R.D. McNeil
CHAIRMAN

HIGHLIGHTS 2005

- ❖ The year 2004/2005 was productive for TasGold Ltd and the company is poised for exploration success in Tasmania and Papua New Guinea.

- ❖ TasGold utilised its man portable diamond drilling rigs and intersected potentially economic grades and/or widths of base and precious metal mineralisation at all its projects including:
 - Narrawa Prospect (Gowrie Park)
 - NC 22 - 9m of 135g/t Ag + 1.49g/t Au + 9.74% Pb + 5.90% Zn from 54m
 - NC 25 - 1.5m of 25.5g/t Au from surface
 - NC 27 - 4.0m of 10.5g/t Au from 39m (terminated in mineralisation)

 - Wart Hill Prospect (SMRV)
 - WD 002 - 2.8m of 122g/t Ag + 10.5% Zn + 5.1% Pb + 0.3g/t Au from 65.7m
 - WD 010 - 2.4m of 162g/t Ag + 9.8% Zn + 5.1% Pb + 0.4g/t Au from 22.6m

 - Panama Prospect (Lisle)
 - PVD 001 - 0.8m of 22.4g/t Au from 85m + 0.5m of 19.1g/t Au from 107.2m

- ❖ The Kodu porphyry copper/gold/molybdenum Deposit (formerly Ofi Creek or Mt Bini) in Papua New Guinea contains an Inferred Resource of 85Mt of 0.4% Cu + 0.6g/t Au and was granted as EL 1348 - Mt Bini.

An Agreement/JV with South Pacific Minerals Corp. (SPZ : TSX-V and formerly Fraserfund Financial) was finalised and TasGold secured a 15% free carried interest to the completion of bankable feasibility study on all licenses plus 3 million shares equity in SPZ. This currently equates to a 29.5% effective interest in all the projects.

South Pacific Minerals Corp. raised C\$3.4 million (~A\$3.7M) in May 2005 to sole fund exploration on the Kodu Deposit and other JV projects in Papua New Guinea. A 3,000m drilling program commenced early June and first results are anticipated forthwith.

The Kodu Deposit could host a major copper, gold and molybdenum resource and become a major asset to TasGold with continued drilling success.

- ❖ 2006 could prove to be a good year for TasGold, with drilling results anticipated regularly from the Company's Tasmanian exploration programs and from the Kodu Deposit and other areas in PNG.

REVIEW OF OPERATIONS AND ACTIVITIES

TasGold is an Australian Stock Exchange ("ASX") listed junior base metal and gold mineral exploration company, seeking to return significant value to its shareholders through the discovery, delineation and/or development of gold and basemetal deposits on its carefully chosen exploration properties in Tasmania and Papua New Guinea through a policy of 'Year Round Drilling', whilst maintaining its responsibilities to local communities and the environment.

Primary targets are 'World Class' and major gold, polymetallic, copper and tin deposits in our 6 exploration licences (including 1 JV with BHP Billiton/Malachite Resources) in Tasmania (393km² total) and 3 exploration licences (ELs) and 9 EL applications (ELAs) in Papua New Guinea (~10,000 km² total). Tasmania hosts several World Class deposits and has very good mineral prospectivity. The three granted ELs and nine ELAs in PNG all offer excellent mineral deposit potential; they have 'high grade' historic exploration results and are in the same or similar geological terrains as existing World Class or major gold and base metal mines.

A major advantage that TasGold has over most similar companies operating in Australia is that 'Native Title' has had no impact to date on exploration and is unlikely to produce any issues for future mining in Tasmania. The State Government is highly supportive of mining and scored third of 53 major world wide mining jurisdictions examined in the Fraser Institute's 2004 'Policy Potential Index' (a rating of Mining Policy attractiveness), behind Nevada and Chile.

Three ELs and five ELAs in PNG are being funded 100% by South Pacific Minerals Corp. (TSX-V) with TasGold receiving a 15% free carried interest and 3 million shares (~14.5% direct current equity in SPZ). The flagship porphyry copper/gold project in PNG contains an Inferred Resource of 750 million pounds of copper and 1.64 million ounces of gold in 85 million tonnes of rock. There are excellent immediate drill targets and >570 km² of gold anomalous drainages, with numerous porphyry copper/gold and epithermal gold targets to follow-up. Drilling commenced at Kodu in late May 2005 and first results are awaited.

Although management believes TasGold's properties could yield major orebodies with ongoing exploration, shareholders are cautioned that exploration is uncertain, high risk and success is not guaranteed.

PROJECT HIGHLIGHTS

TASMANIAN PROPERTIES

SMRV – EL 20/96 & EL 21/99

The SMRV Project in SW Tasmania has excellent mineralisation potential and offers 'company maker' sized targets warranting substantial exploration and drilling. The main target is a volcanic hosted massive sulphide deposit such as the Rosebery Deposit/Mine (not TasGold's), which is located ~125km to the north in the same Mount Read Volcanic sequence. Rosebery contains >32 million tonnes at 14.6% zinc, 4.5% lead, 146g/t silver and 2.3g/t gold.

TasGold undertook approximately 2,750m of drilling at Wart Hill in the 2004/2005 season to attempt to increase the known high-grade polymetallic mineralisation that was drilled there on our last hole of the 2004 season. The 2005 program successfully tracked the base metal mineralisation down the keel of a south plunging syncline for ~290m, before it was apparently faulted off. This was a very good technical effort, however, the grades and widths of mineralisation encountered by the drilling were variable in their width / grade and have not yet defined a continuous major body of mineralisation. Significant results are tabulated below.

The Company now has a good understanding of the stratigraphy in the prospect area and data interpretation has noted a high quality exploration target that probably reflects the fault offset continuation of the mineralised zone at depth on the east flank of Wart Hill.

Commencing in November 2005, TasGold intend to further evaluate the high-grade base + precious metal mineralisation at Wart Hill, utilising a 3-D Induced Polarisation (IP) survey (subject to contractor availability). Well defined anomalies from this work would likely be drill tested.

Hole	Significant Intersections
WD002	13.4m of 54g/t Ag, 4.9% Zn, 2.7% Pb & 0.3g/t Au from 58.1m
WD004	1m of 82g/t Ag, 1.6% Zn, 0.8% Pb & 0.2g/t Au from 84m
WD005	1m of 108g/t Ag, 1.9% Zn & 0.8% Pb from 76m
WD006	2.5m of 20g/t Ag, 2.8% Zn & 1.6% Pb from 76m
WD007	1m of 94g/t Ag, 4.6% Zn, 3.3% Pb & 0.3g/t Au from 141.8m
WD008	12m of 25g/t Ag + 1.9% Zn, 1.03% Pb & 0.08g/t Au from 72m
WD009	7m of 56g/t Ag, 6.2% Zn, 3.3% Pb, 1.81g/t Au, 0.2% Cu from 197m
WD010	2.4m of 162g/t Ag, 9.8% Zn, 5.1% Pb, 0.40g/t Au, 0.1% Cu from 22.6m
WD012	3m of 35g/t Ag, 5.2% Zn, 2.6% Pb & 0.67g/t Au from 193m

Other SMRV base metal occurrences such as the Aldebaran (V34) Prospect, located only 1,700m east of Wart Hill, could also be evaluated by IP survey and subsequent drilling. The only hole (V34-1) at Aldebaran was drilled by TasGold in early 2004 in a zone of extensive zinc and lead soil anomalies; it returned 27m of 0.3% zinc + 0.1% lead at depth in a major alteration zone, showing the hole could be peripheral to a major mineralised system.

There is also significant gold potential in the SMRV project and TasGold intends to evaluate the 'untested' gold potential during 2005/2006, with grid based auger soil sampling over the Hudson River Gold Zone and other parts of the more than 80km² of gold in drainage anomalies.

Gowrie Park – EL 29/2003

This Exploration Licence is located in moderately accessible north central Tasmania. Targets are gold and base metal mineralisation within narrow high grade vein deposits, large tonnage (~50Mt), low to medium grade (~2-4g/t) intrusive related stockwork Au and skarns, within part of the Dolcoath Granite aureole and surrounding rocks.

Historic results in drill holes such as near true width of 25.4m of 4.33g/t Au (including 1.3m of 23.1g/t Au, plus 1m of 14.21g/t Au plus 1.15m of 12.13g/t Au), 42m of 9.56g/t Au in trench and 36.5g/t Au at the end of development work in a short adit show significantly more work is warranted.

TasGold drilling highlights from 2005 included:

NC 22 - 9m of 135g/t Ag + 1.49g/t Au + 9.74% Pb + 5.90% Zn from 54m

NC 25 - 1.5m of 25.5g/t Au from surface

NC 27 - 4.0m of 10.5g/t Au from 39m (terminated in mineralisation)

TasGold intends to apply for a Retention License in October to cover the known historical gold resources and secure our position over the highly mineralised areas.

Mt. Ramsay – EL 42/2002

The EL hosts several discrete, high-quality airborne electromagnetic (EM) anomalies located within a highly prospective host lithologic sequence. Drilling is currently being undertaken for the first time on these targets for primary tin deposits such as Renison Bell and Mt Bischoff. These deposits/historic mines occur relatively close by along strike to the south and north and were the world's largest underground tin mine and at one stage the world's richest tin mine, respectively. In addition, the EM anomalies could be prospective for volcanic hosted massive sulphide deposits such as TasGold are exploring for at Wart Hill (the target type being the Rosebery Deposit, which is located just slightly further to the south of the Mt Ramsay anomalies).

Lisle/Lone Star – EL 2/92 + EL 41/2002

The only hole with results at the time of writing at the Panama Prospect returned 0.5m of 19.1g/t gold and 0.8m of 22.4g/t gold in NNE-NE trending, high-angle gold bearing quartz reefs in hornfelsed metasediments. There is also good ore shoot potential down plunge at the intersection with a separate northerly trending quartz reef. Adit rock samples such as 71.1, 21.25, 20.75, 49.5 and 12.0g/t gold have been returned.

There are also extensive gold, silver, arsenic, copper, lead, bismuth quartz veining and stockworks in a pervasively altered, major NNE trending structural zone in granodiorite at Potoroo Prospect, with coincident and cohesive gold and arsenic soil anomalies (to 0.38g/t gold and 450ppm arsenic) and a local aeromagnetic high. Consistent mineralisation recorded in limited trenching and drilling (ex. 64m of 0.55g/t gold in trench and 106m of 0.24g/t gold - entire hole was mineralised). Plus other prospect areas with high grade drill results to 4m of 12.8g/t gold.

PAPUA NEW GUINEA PROPERTIES

TasGold has 100% of 4 geographically discrete exploration licence applications (~2,500km²) held under TasGold PNG Ltd and an interest in 3 additional carefully chosen ELs + 5 ELAs (~7,500 km²) in Papua New Guinea through an agreement/JV with South Pacific Minerals Corp. (SPZ). Two of the original group of 7 ELAs have been relinquished.

All the exploration licences and applications have outstanding mineralisation 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 applications are subject to normal granting procedure under the PNG Mining Act, but there are no known reasons why the applications will not be granted in due course.

South Pacific Minerals Corp. manages the JV with TasGold on the 'Island Arc Mining Ltd' properties and is responsible for all exploration phase costs. TasGold has a 15% free carried interest on all the properties, plus 3,000,000 shares in SPZ that currently equates to ~14.5% equity. Once South Pacific Minerals completes a Bankable Feasibility Study(s), with financial closure for development debt funding, TasGold will have a 15% contributing interest in subsequently granted Mining Licence(s) or Special Mining Licence(s).

South Pacific Minerals Corp. JV

The Island Arc Mining ELs/ELAs are described below:

Mt. Bini – EL 1348

Kodu (formerly Ofi Creek) Porphyry Copper/Gold Molybdenum Deposit has an Inferred Resource calculated by BHP of ~85Mt of 0.6g/t Au + 0.4% Cu for ~1.64 million ounces of gold + 750 million pounds of copper within an ~732 km² EL. The deposit remains open in all directions with grades generally increasing with depth and potentially continuing around the annulus of the composite intrusion.

Only 11 holes were drilled historically for ~3,680m and 8 holes were terminated in mineralisation. Results such as BND003 with 184m of 1.00g/t Au + 0.31% Cu (42 to 226m down hole) and BND004 with 401m of 0.56g/t Au + 0.51% Cu (entire hole) were returned. Trenches include 110m of 1.25g/t Au + 0.1% Cu. Molybdenum usually has an inverse relationship with copper mineralisation and weighted assay averages include: BND006 with 84m of 111 ppm Mo from 10m plus 226m of 102 ppm Mo from 126m, BND008 with 110m of 136 ppm Mo from 18m and BND001 with 172m of 103 ppm Mo from surface.

The associated gold in soil anomaly is open ended to the SW and NE (>2,500m long and ~700m wide), with 2 cohesive known higher grade zones, 1 of which is undrilled, ~700m x 500m in size, located ~1,000m WSW of the existing holes and probably represents an epithermal target (outcrop quartz veining to 20.3g/t Au in trench).

South Pacific Minerals Corp. hole KD 001 was drilled vertically to 543.76m, when it was terminated in broken ground that was promoting difficult drilling. Megascopic copper minerals were noted over a 352m total vertical interval, with the drill hole extending mineralisation at depth by an estimated 150m from the base of previous drilling at 660m RL.

Both disseminated and vein pyrite-chalcopyrite +/- bornite mineralisation were intersected, with veining becoming thicker and more abundant towards the lower end of the mineralised interval. Sulphide content varies and is locally dominated by chalcopyrite. Elevated gold grades could be expected to accompany copper in the potassic altered zone. Trace molybdenite, galena and sphalerite have also been observed. Main vein types include quartz-calcite-chlorite ± anhydrite-pyrite-chalcopyrite (±bornite). Common, vuggy, open space fill veins could reflect an epithermal event. Assays for the hole are not expected to be returned until late September, due to shipping and laboratory constraints.

Drill hole KD 002 was recently completed at a location 200m ~SW of KD001. The intent of the hole was to define the eastern margin of the mineralised intrusion and document the copper/gold/molybdenum mineralisation to its depth extent further along its known strike to the SW. Assay results are expected in late September.

There are ~570km² of drainage gold anomalies in 13 zones that have only had limited follow-up completed, including several additional porphyry copper occurrences that remain to be better evaluated and subsequently drill tested.

Logistics for exploration/development are excellent, being located ~50km from the National capital of Port Moresby and ~12 linear km from road access. An access track is being pushed to site and it is currently about 6 linear km from the camp.

Mt. Andewa – EL 1345

Five high stratigraphic level, undrilled prospects, within a 7,000m x 2,500m NW trending fracture/structural zone of a ~9km wide, eroded, breached to the NW, calc-alkaline, multi-phase, extinct stratovolcano/caldera with substantial hydrothermal alteration very near the coast of West New Britain Province.

Gold/arsenic anomalous soil geochemistry is reported to cover an embayed triangular shaped area of ~18km². Assays include many stream sediments (to 0.629g/t Au), pan-concentrates (to 525ug contained gold/12.1g/t Au), soils (to 4.06 g/t Au), outcrop rock (to 58.4g/t Au [often with high silver +/-Pb/Zn]) and trenches (to 15.6m of 5.12g/t Au + 5.9m of 3.86g/t Au + 5.1m of 3.27g/t Au, 9m of 6.80g/t Au and 9m of 6.06g/t Au). These results are indicative of gold mineralisation in the general area but may not represent the actual grade of such mineralisation.

Results have documented a >1,000m long vein system at the Komsen Prospect. The ~492km² EL has 'barely' been examined and also covers Mt Schrader (to the west), both in a similar tectonic setting to the Lihir deposit and perhaps with similar potential.

A program consisting of opening and re-sampling selected existing trenches at Komsen Prospect has recently been completed and specific areas are now being deepened to better assess the mineralisation. In addition, grid based soil sampling is being undertaken to attempt to define mineralised zones and elucidate new exploration/trenching targets. Samples will be shipped at the end of the program in late September.

Mt. Likuruanga - EL 1351

The EL covers ~356 km². There is significant untested exploration potential at the Bukuam Prospect, where limited historical trenching returned 205m of 1.9 g/t Au (incl. 55m of 5.8g/t Au, incl. 5m of 13.1g/t Au), 10m of 5.1g/t Au and 70m of 1.7g/t Au in different zones.

Only 3 holes were drilled at Bukuam with results such as 6m of 2.2g/t Au + 9.5g/t Ag + 1.2% Zn, 2m of 3.5g/t Au + 9.5g/t Ag and 10m of 1.7g/t Au + 2.7g/t Ag + 4.8% Zn. Previous workers noted 'the 205m trench interval remains untested by drilling'. "The gold grade in the skarn could increase towards the shear zone with a possible bonanza at the contact".

The Esis/Ulete porphyry copper occurrence has only had 4 x 150m deep drill holes completed (results no longer available) and no additional work for 30 years.

The Mt Likuruanga Prospect is 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 in rocks and soils. The hydrothermal alteration, pyritisation and the presence of a weak geochemical anomaly are encouraging and the geochemical association, alteration assemblages and structural setting suggest a Lihir target.

An exploration program was undertaken in July and August 2005, consisting of general reconnaissance, stream sediment and outcrop sampling, plus geological mapping at Likuruanga Prospect. In addition, grid based soil sampling was undertaken to attempt to define mineralised zones and elucidate new exploration/trenching targets at Ulete/Esis (historically gold was only analysed on a few soil lines). Samples will be shipped in early September, but results are not anticipated until late October.

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of TasGold Ltd and the entities it controlled at the end of, or during, the year ended 30 June 2005.

DIRECTORS

The following persons were Directors of TasGold Ltd during the whole of the financial year and up to the date of this report unless otherwise noted:

R.D. McNeil
P.A. McNeil
G.J. Fish
W.J. Staude

PRINCIPAL ACTIVITIES

The principal activities during the financial year of entities within the consolidated entity were exploration and evaluation of gold, silver and other base metal projects.

RESULTS AND DIVIDENDS

The consolidated entity profit from operating activities after tax for the financial year is \$122,903 (2004: loss (\$1,163,996)). There is no dividend paid or recommended.

The result of the consolidated entity was significantly affected by a gain on sale of a Papua New Guinea subsidiary, Island Arc Mining Ltd, of \$1,178,132 and a write-off of exploration expenditure of \$551,471 (2004: \$734,202) in accordance with the Company's accounting policy regarding the capitalisation of exploration expenditure as outlined in note 1 to the Financial Statements.

REVIEW OF OPERATIONS

During the financial year;

- (i) The Company funded ongoing exploration and evaluation work on its exploration areas in Tasmania.
- (ii) The Company sold a Papua New Guinea subsidiary (Island Arc Mining Ltd) in exchange for 3,000,000 shares in South Pacific Minerals Corp. (refer note 5).
- (iii) The Company raised \$2,846,858 before costs, from the issue of shares and options as detailed in note 15 to the Financial Statements.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year not otherwise disclosed in this report or the consolidated financial report.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There were no significant events occurring after the balance date.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely future developments in the operations of the consolidated entity and the expected results of those operations in subsequent financial years are:-

- Continued assessment and evaluation of the Tasmanian exploration licences.
- Involvement in exploration in Papua New Guinea through joint venture partners or direct activities.

The Directors are pleased with exploration results during the financial year, however, they are conscious that additional funding through equity, joint ventures or borrowings will be required to pursue the potential of existing projects in the future.

ENVIRONMENTAL REGULATIONS

The consolidated entity is subject to significant environmental regulation in respect of its mineral exploration activities.

The entity has exploration and mining tenements in Tasmania, Australia and Papua New Guinea. The entity is not aware of any breach of environmental regulations during or since the end of the financial year.

INFORMATION ON DIRECTORS

Particulars of Directors' interest in shares and options of TasGold Ltd

Director and Experience

Special Responsibilities	Ordinary Shares	Options
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Robert D. McNeil

Chairman for 4 years.

4,477,083	1,181,000 Listed
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Age 66, B.Sc., M.Sc. He has 44 years industry experience in Australia, Papua New Guinea, U.S.A., Indonesia, Thailand and other countries. He was formerly General Manager of Esso Papua New Guinea Inc. where he was based in Lae, Papua New Guinea for 5½ years. Before this assignment he resided in the U.S.A. for 5 years and prior to that worked for several major and minor companies mainly in Australia. He has been associated with the discovery of several orebodies, specifically the Juno and Warrego orebodies at Tennant Creek by Peko in the 1960's. He is Executive Chairman of Macmin Silver Ltd, and Chairman, CEO and President of New Guinea Gold Corporation, a Yukon company listed on the TSX Venture Exchange (Canada), and non-executive Chairman and Director of Golden Tiger NL. He has not held any former Directorships within the last 3 years.

400,000 Unlisted

Peter A. McNeil

Managing Director for 4 years.

Member of Planning & Operations Committee	7,045,641	749,000 Listed
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Age 44. B.Sc., M.Sc. He has 23 years exploration experience in Papua New Guinea, U.S.A. and Australia, including programs at the Lihir gold deposit and in the Kimberley and Goldfields regions of Western Australia and Tasmania. He has been associated with the discovery of a number of orebodies including Nimary and Sunrise Dam in the NE Goldfields of Western Australia. Peter McNeil is also a Director of Macmin Silver Ltd (ASX), President/CEO of South Pacific Minerals Corp. and a Director of New Guinea Gold Corporation (both TSX-Venture). He also held a former Directorship within the last 3 years in Vangold Resources Ltd (TSX-Venture).

400,000 Unlisted

Graham J. Fish

Independent Non-Executive Director for 2½ years. Age 66. He graduated B.Sc. (Geology, Chemistry) in 1958, Dip. Ed. in 1961 and M.Ed. in 1980 from the University of Tasmania. He worked as a teacher of Geology and Chemistry in Tasmanian Education Department Colleges before promotion into administrative roles from 1973.

Member of Planning & Operations Committee	20,829	16,829 Listed
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He has 32 years of management skills and has extensive experience in administration and education development in Tasmania. He has a background in geology and has chaired committees on both national and State school curriculum and assessment boards.

400,000 Unlisted

Member of Audit Committee

He has delivered papers and written science and education reports for UNESCO in Bangkok in 1983, and in Korea in 1988, for the South Pacific in Fiji in 1995, for International Conferences in Sydney in 1993 and New Zealand in 1994. He has not held any former Directorships within the last 3 years.

INFORMATION ON DIRECTORS (continued)

Particulars of Directors' interest in shares and options of TasGold Ltd

Director and Experience

Special Responsibilities	Ordinary Shares	Options
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Warren J. Staude

Non-Executive Director for 2½ years. Age 62. He is a graduate of the University of Sydney (B.Sc., Geology), Macquarie University (M.Sc., Mineral Economics) and holds a Graduate Diploma from the Securities Institute of Australia.

Member of Audit Committee	50,000	50,000 Listed 400,000 Unlisted
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Mr Staude has 41 years professional experience in mining, exploration and resource finance industries. He has worked in Government, as a private consultant, and on the academic staff of Macquarie University. He has worked for the AMP Society's resource investment division, then in the stockbroking industry, before joining GIO Australia Asset Management. He is currently a non-executive director of Malachite Resources N.L. and Central West Gold N.L., and is an executive director of Jupiter Mines Ltd. He also held a former Directorship within the last 3 years in Mount Conqueror Minerals NL. Mr Staude currently sits on the Joint Ore Reserves Committee (JORC) and the Valmin Committee and brings your Company a wealth of experience in the Australian financial markets.

COMPANY SECRETARY – QUALIFICATIONS & EXPERIENCE

Garry M. Edwards

Company Secretary for 4 years.

Garry Edwards holds a Master of Business Administration and is a Fellow of the Australian Institute of Company Directors and the National Institute of Accountants.

Prior to joining TasGold, Mr Edwards spent 15 years working in Papua New Guinea, the last 11 for KPMG and antecedent firms. From 1987 to 1995 he managed KPMG's Arawa and Rabaul offices. Mr Edwards is also Company Secretary for Macmin Silver Ltd (ASX) and Monto Minerals Ltd (ASX).

DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year (and the number each Director was entitled to attend):-

	Directors' Meetings		Audit Committee Meetings		Planning & Operations Committee Meetings	
	Attended	Held	Attended	Held	Attended	Held
R.D. McNeil	4	4	*	*	*	*
P.A. McNeil	4	4	*	*	3	3
G.J. Fish	3	4	2	2	3	3
W.J. Staude	4	4	2	2	*	*

* not a member of the relevant committee

REMUNERATION REPORT

Principles used to determine the nature and amount of remuneration

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The Board ensures that director and executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- transparency
- capital management

The Company has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- has economic profit as a core component of plan design
- focuses on sustained growth in share price and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives

Alignment to program participants' interests:

- rewards capability and experience
- reflects competitive reward for contribution to shareholder growth
- provides a clear structure for earning rewards
- provides recognition for contribution

During the past year and since listing on 9 April 2003 the Company (and the consolidated entity) have generated losses because it is still involved in minerals exploration (and development), not in production.

In the past year the market price of the Company's ordinary shares has decreased from 16 cents to 8.5 cents (a decrease of 47%)

Ordinary shares in the Company first traded on 9 April 2003 at 17 cents after listing on the ASX. In the period since listing to 30 June 2005 the market price of the shares has decreased by 8.5 cents or 50%. There have been no dividends or return of capital during that period.

Given that the remuneration is commercially reasonable / appropriate / benchmarked, the link between remuneration, company performance and shareholder wealth generation is tenuous, particularly in the exploration and development stage of a minerals company. Share prices are subject to the influence of international metal prices and market sentiment toward the sector, and increases or decreases may occur quite independent of executive performance or remuneration.

Non-Executive Directors

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of the Directors. Non-Executive Directors' fees and payments are reviewed annually by the Board. The Board seeks to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market.

Directors' fees

The current base remuneration was last reviewed with effect from April 2003. Directors' fees are inclusive of committee fees.

Non-Executive Directors' fees are determined within Non-Executive Directors' fee pool limit, which is periodically recommended for approval by shareholders. The pool currently stands at \$100,000 per annum for Non-Executive Directors.

Retirement allowances for Directors

The Company provides no retirement allowances for Non-Executive Directors.

Executive pay

The executive pay and reward framework has three components:

- base pay and benefits
- long-term incentives through Directors options (refer note 19), and
- other remuneration such as superannuation

The combination of these comprises the executive's total remuneration.

REMUNERATION REPORT (continued)

Base pay

Structured as a total employment cost package which may be delivered as a mix of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for senior executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

There are no guaranteed base pay increases fixed in any senior executives' contracts.

Benefits

Executives receive no benefits outside of the base pay, options and superannuation disclosed in this report.

Retirement benefits

Other than statutory superannuation contributions, no retirement benefits are provided for executives except statutory entitlements.

TasGold Ltd Employee Option Plan

Information on the TasGold Ltd Employee Option Plan is set out on page 38. Directors may not participate in the Employee Option Plan.

Details of remuneration

Details of the nature and amount of each element of the emoluments of each Director of TasGold Ltd and one officer of the Company and the consolidated entity receiving the highest emoluments for the year ended 30 June 2005 are set out in the following tables:

Directors of TasGold Ltd

2005	Primary			Post-employment		Equity	Total
	Cash salary and fees \$	Cash Bonus \$	Non-Monetary benefits \$	Super-annuation \$	Retirement benefits \$	Options* \$	
R.D. McNeil	15,000	-	-	1,350	-	28,000	44,350
P.A. McNeil	**155,295	-	-	-	-	28,000	183,295
G.J. Fish	41,347	-	-	3,721	-	28,000	73,068
W.J. Staude	15,000	-	-	1,350	-	28,000	44,350
Total	226,642	-	-	6,421	-	112,000	345,063

*Option value calculation using Black-Scholes Model

** Including provision of office and secretarial support

Other executive of TasGold Ltd (and of the consolidated entity)

2005	Primary			Post-employment		Equity	Total
	Cash salary and fees \$	Cash Bonus \$	Non-Monetary benefits \$	Super-annuation \$	Retirement benefits \$	Options* \$	
R. Reid	83,333	-	-	7,500	-	-	90,833
Total	83,333	-	-	7,500	-	-	90,833

*Option value calculation using Black-Scholes Model

REMUNERATION REPORT (continued)

Service agreements

There are no service agreements in place for Directors.

The current specified executive, Exploration Manager, R. Reid, has a contract of service with the following conditions:

- term – unspecified
- annual salary of \$85,000 p.a. initially with no specified review period
- occasional personal use of company vehicle subject to approval by Managing Director.

LOANS TO DIRECTORS AND EXECUTIVES

No loans have been made to Directors of TasGold Ltd and the specified executive of the consolidated entity, including their personally-related entities.

SHARE OPTIONS GRANTED TO DIRECTORS AND THE MOST HIGHLY REMUNERATED OFFICERS

Options over unissued ordinary shares of TasGold Ltd granted during or since the end of the financial year to any of the Directors or the two most highly remunerated officers of the Company and consolidated entity as part of their remuneration were as follows:

Directors	Options Granted
R.D. McNeil, <i>Chairman</i>	-
P.A. McNeil, <i>Managing Director</i>	-
G.J. Fish, <i>Non-Executive Director</i>	-
W.J. Staude, <i>Non-Executive Director</i>	-
Other Executives of TasGold Ltd	
R. Reid, <i>Exploration Manager</i>	400,000

SHARES UNDER OPTION

Unissued ordinary shares of TasGold Ltd under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under option
Listed:			
29/01/2002 – 19/08/2004	30 November 2007	\$0.20	26,064,754
Unlisted:			
07/11/2003 – 28/09/2004	31 December 2007	\$0.20	1,840,000
3/12/2003	31 December 2007	\$0.20	1,600,000
			<u>29,504,754</u>

No optionholder has any right under the options to participate in any other share issue of the Company or of any other entity.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

The following ordinary shares of TasGold Ltd were issued during the year ended 30 June 2005 on the exercise of listed options. No amounts are unpaid on any of the shares.

Date options granted	Issue price of shares	Number of shares issued
29/01/2002 – 19/08/2004	\$0.20	21,000

INSURANCE OF OFFICERS

Since the end of the previous financial year the consolidated entity has paid insurance premiums in respect of directors' and officers' legal expenses and liability insurance. The policies prohibit disclosure of details of the policies or the premiums paid.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Consolidated Entity are important.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor;
- None of the services undermine the general principles relating to the auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 15.

	CONSOLIDATED	
	2005	2004
	\$	\$
During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms.		
Assurance services		
1. Audit Services		
PricewaterhouseCoopers Australian firm:		
Total remuneration for audit services	17,680	14,909
2. Other Assurance Services		
PricewaterhouseCoopers Australian firm:		
Total remuneration for other assurance services	8,500	-
Total remuneration for assurance services	26,180	14,909
Taxation Services		
PricewaterhouseCoopers Australian firm:		
Total remuneration for taxation services	2,000	1,000

ROUNDING OF AMOUNTS

Amounts in the financial report have been rounded to the nearest dollar.

This report is made in accordance with a resolution of the Directors.



R.D. McNeil
Chairman
Bundall, Queensland

6 September 2005

AUDITORS' INDEPENDENCE DECLARATION

As lead auditor for the audit of TasGold Ltd for the year ended 30 June 2005, I declare that, to the best of my knowledge and belief, there have been:

- (a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
and
- (b) No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of TasGold Ltd and the entities it controlled during the period.



PricewaterhouseCoopers



Stephen R. Snook
Partner

Brisbane
6 September 2005

CORPORATE GOVERNANCE STATEMENT

For the year ended 30 June 2005

This statement outlines the main Corporate Governance practices that were in place throughout the financial year, unless otherwise stated.

Board of Directors and its Committees

The Board is responsible to shareholders for the overall Corporate Governance of the consolidated entity including the strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Board is responsible for ensuring the maintenance of corporate governance policies and procedures in accordance with current best practices having regard to the size and activities of the Company.

The Board has sole responsibility for the following:

- Appointing and removing the Managing Director and any other executives and approving their remuneration;
- Appointing and removing the Company Secretary/Chief Financial Officer and approving their remuneration;
- Determining the strategic direction of the Group and measuring performance of management against approved strategies;
- Review of the adequacy of resources for management to properly carry out approved strategies and business plans;
- Adopting operating and capital expenditure budgets at the commencement of each financial year and monitoring the progress by both financial and non-financial key performance indicators;
- Monitoring the Group's medium term capital and cash flow requirements;
- Approving and monitoring financial and other reporting to regulatory bodies, shareholders and other organisations;
- Determining that satisfactory arrangements are in place for auditing the Group's financial affairs;
- Review and ratify systems of risk management and internal compliance and control, codes of conduct and compliance with legislative requirements; and
- Ensuring that policies and compliance systems consistent with the Group's objectives and best practice are in place and that the Company and its officers act legally, ethically and responsibly on all matters.

Management is charged with the day to day operation and administration of the Company in accordance with the objectives and policies set down by the Board. The Managing Director is accountable to the Board for the performance of the management team.

The Board's role and the Group's corporate governance practices are being reviewed and improved as required.

Composition of the Board

The Directors of the Company in office at the date of this statement and details of skills and experience are detailed in the Directors' Report.

The composition of the Board is determined in accordance with the Constitution, a copy of which is available at www.tasgold.com.au.

The Board should comprise Directors with a broad range of expertise both nationally and internationally.

The terms and conditions of the appointment and retirement of Non-Executive Directors are set out in a letter of appointment.

Subject to the requirements of the Corporations Act 2001, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a Director.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Company's scope of activities, intellectual ability to contribute to Board duties and physical ability to undertake Board duties and responsibilities.

Independent Professional Advice

Each Director has the right to seek independent professional advice at the consolidated entity's expense. However, prior approval of the Chairman is required.

Audit Committee

The role of the Audit Committee is documented in a Charter which is approved by the Board of Directors. In accordance with this Charter, all members of the Committee must be Directors or qualified consultants. The role of the Committee is to advise on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the consolidated entity.

It also gives the Board of Directors additional assurance regarding the quality and reliability of financial information prepared for use by the Board in determining policies or for inclusion in financial reports.

The members of the Audit Committee during the year were Messrs W.J. Staude (Chairman) G.J. Fish and G.M. Edwards. Information on the qualifications of the Directors on the Audit Committee and attendance at Audit Committee meetings are contained in the Directors' report.

The auditor and the Chairman are invited to Audit Committee meetings at the discretion of the Committee.

The responsibilities of the Audit Committee include:

- reviewing reports prepared by the external auditors and other consultants to ensure that, should major deficiencies or breakdowns in controls or procedures be identified, appropriate and prompt remedial action is taken by management;
- liaising with the external auditors and ensuring that the annual statutory audit and half-year review are conducted in an effective manner;
- reviewing internal controls and recommending enhancements;
- monitoring compliance with the Corporations Act 2001, Australian Stock Exchange Listing Rules and any matters outstanding with auditors, taxation and other regulatory authorities and financial institutions.

Remuneration Committee

Since the Company listed in April 2003 the Company has not had a Remuneration Committee and it is not intended at this stage to establish one unless there is a significant increase in the number of executives.

Internal Control Framework

The Board acknowledges that it is responsible for the overall internal control framework but recognises that no cost effective internal control system will preclude all errors and irregularities. The system is based upon written procedures, policies and guidelines, organisation structures that seek to provide an appropriate division of responsibility and the careful selection and training of qualified personnel.

Ethical and Responsible Decision-making

All Directors, senior executives and other employees are expected to act lawfully, in a professional manner and with the utmost integrity and objectivity in their dealings with customers, suppliers, advisors and regulators, competitors, the community and each other in each country where the consolidated entity operates.

Dealings in Company Securities by Directors and Employees

The Company's share trading policy for Directors and employees is as follows:

The Company's share trading policy imposes basic trading restrictions on all employees of the Company with 'inside information', and additional trading restrictions on the directors of the Company.

'Inside information' is information that:

- is not generally available; and
- if it were generally available, it would, or would be likely to influence investors in deciding whether to buy or sell the Company's securities.

If an employee possesses inside information, the person must not:

- trade in the Company's securities;
- advise others or procure others to trade in the Company's securities; or
- pass on the inside information to others - including colleagues, family or friends - knowing (or where the employee or Director should have reasonably known) that the other persons will use that information to trade in, or procure someone else to trade in, the Company's securities.

This prohibition applies regardless of how the employee or Director learns the information (e.g. even if the employee or Director overhears it or is told in a social setting).

In addition to the above, Directors must not acquire or sell, directly or indirectly any securities (shares or options) in the Company except within the period of 1 month after the release of any of the quarterly, half-yearly and yearly reports and any announcements to the ASX which may or are likely to effect the value of the company's assets in a material way, or, 1 month after the holding of the Annual General Meeting. The Directors must notify the Company Secretary as soon as practicable, but not later than 5 business days, after they have bought or sold the Company's securities or exercised options. In accordance with the provisions of the Corporations Act and the Listing rules of the ASX, the Company on behalf of the Directors must advise the ASX of any transactions conducted by them in the securities of the Company.

Breaches of this policy will be subject to disciplinary action, which may include termination of employment.

Disclosure of Information

Continuous Disclosure to ASX

The continuous disclosure policy requires all executives and Directors to inform the Managing Director or in his absence the Company Secretary of any potentially material information as soon as practicable after they become aware of that information.

Information is material if it is likely that the information would influence investors who commonly acquire securities on ASX in deciding whether to buy, sell or hold the Company's securities.

Information need not be disclosed only if the ASX listing rules provide for non-disclosure.

The Managing Director is responsible for interpreting and monitoring the Company's disclosure policy and where necessary informing the Board. The Company Secretary is responsible for all communications with ASX.

The Role of Shareholders

The Board of Directors aims to ensure that the shareholders are informed of all major developments affecting the consolidated entity's state of affairs. Information is communicated to shareholders as follows:

The annual report is distributed to all shareholders (unless a shareholder has specifically requested not to receive the document). The Board ensures that the annual report includes relevant information about the operations of the consolidated entity during the year, changes in the state of affairs of the consolidated entity and details of future developments, in addition to the other disclosures required by the Corporations Act 2001.

Half-year financial reports prepared in accordance with the requirements of Accounting Standards and the Corporations Act 2001 are lodged with the Australian Securities and Investments Commission and the Australian Stock Exchange. The financial reports are sent to any shareholder who requests them and quarterly reports are submitted to the ASX under the requirements of the Exchange relating to mining companies. Copies of the quarterly reports are sent to shareholders whenever sufficient new information in the report warrants distribution.

All announcements and reports submitted to ASX are posted on the Company's website www.tasgold.com.au.

Role of Auditor

The Company's practice is to invite the auditor to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

Risk Management Policy

Identification of Risk

The Board is responsible for the oversight of the Group's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management within the Group with the Managing Director and Chief Financial Officer having ultimate responsibility to the Board for the risk management and control framework.

The Company does not have a formal Risk Management Policy but arrangements have been put in place by the Board to monitor risk management including monthly reporting to the Board in respect of operations and the financial position of the Group.

Integrity of Financial Reporting

The Company's Managing Director and Chief Financial Officer (or equivalent) report in writing to the Board that:

- the consolidated financial statements of the Company and its controlled entities for each half and full year present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with accounting standards;
- the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

Performance Review

The Board has adopted a self-evaluation process to measure its own performance and the performance of its committees during each financial year. An annual review is undertaken in relation to the composition and skills mix of the Directors of the Company.

Arrangements put in place by the Board to monitor the performance of the Group's executives include:

- a review by the Board of the Group's financial performance; and
- annual performance appraisal meetings incorporating analysis of key performance indicators with each individual to ensure that the level of reward is aligned with respective responsibilities and individual contributions made to the success of the Company.

Remuneration Arrangements

The broad remuneration policy is to ensure that remuneration properly reflects the relevant person's duties and responsibilities, and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board believes that the best way to achieve this objective is to provide Executive Directors and executives with a remuneration package consisting of fixed components and incentives that reflect the person's responsibilities, duties and personal performance.

The remuneration of Non-Executive Directors is determined by the Board as a whole having regard to the level of fees paid to Non-Executive Directors by other companies of similar size in the industry.

The aggregate amount payable to the Company's Non-Executive Directors must not exceed the maximum annual amount approved by the Company's shareholders.

Details of the Company's remuneration policies are contained in the Directors' Report and information on the Remuneration Committee is contained in a separate heading within this Corporate Governance Statement and in the Directors' Report.

Interests of Other Stakeholders

The Company's operations are subject to various environmental laws and regulations under the relevant government's legislation. Full compliance with these laws and regulations is regarded as a minimum standard for the Company to achieve.

Environment

The consolidated entity aims to ensure that the highest standard of environmental care is achieved and has a written Environmental Policy which is distributed to all employees.

ADOPTION OF ASX CORPORATE GOVERNANCE RECOMMENDATIONS

The Company has adopted the ASX Corporate Governance Recommendations for all or part of the year, as outlined in the Corporate Governance Statement, with the following exceptions:

Composition of the Board

Council Principle 2: Structure the Board to add value

Council Recommendation 2.1: A majority of the Board should be Independent Directors.

The Board considers that a majority of the Board is not independent in accordance with Recommendation 2.1, however the Board believes that the individuals on the Board can make, and do make, quality and independent judgements in the best interests of the Company on all relevant issues. Directors having a conflict of interest in relation to a particular item of business must and do absent themselves from the Board Meeting before commencement of discussion on the topic.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the expense of the appointment of additional Independent Non-Executive Directors.

Council Recommendation 2.2: The Chairperson should be an Independent Director.

The Company's Chairman, Mr R.D. McNeil, is considered by the Board not to be independent in terms of the ASX Corporate Governance Council's definition of Independent Director. However the Board believes that the Chairman is able to and does bring quality and independent judgement to all relevant issues falling within the scope of the role of a Chairman.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the expense of the appointment of an Independent Non-Executive Chairman.

Council Recommendation 2.4: The Board should establish a nomination committee.

The Board considers that the Company is not currently of a size to justify the formation of a nomination committee. The Board as a whole undertakes process of reviewing the skill base and experience of existing Directors to enable identification or attributes required in new Directors.

Integrity of Financial Reporting

Council Principle 4: Safeguard integrity in financial reporting.

Council Recommendation 4.3: Structure the audit committee so that it consists of:

- only Non-Executive Directors;
- a majority of Independent Directors;
- an Independent Chairperson, who is not Chairperson of the Board;
- at least three members.

The Audit Committee does not consist of only Non-Executive Directors. The Board considers the mix of two Independent Non-Executive Directors and the Company Secretary appropriate for the Company given the current size of the Board and role of the Committee.

Remuneration

Council Principle 9: Remunerate fairly and responsibly

Council Recommendation 9.3: Clearly distinguish the structure of Non-Executive Directors' remuneration from that of executives.

The Non-Executive Directors should not receive options or bonus payments.

Non-Executive Directors were issued options on the same terms and conditions as Executive Directors as approved by shareholders in general meeting.

The Board is of the view that all Directors have the potential to influence strategic direction and achievements of the Company for the benefit of shareholders and believe that the granting of options to non-executives is an appropriate method to potentially supplement Non-Executive Directors' cash remuneration, which is kept relatively low (currently \$15,000 p.a.) and provide incentive without further use of cash while the Company is reliant upon shareholder funds to operate.

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This financial report covers both TasGold Ltd as an individual entity and the consolidated entity consisting of TasGold Ltd and its controlled entities.

TasGold Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

TasGold Ltd
Level 1
94 Bundall Road
Bundall Qld 4217

A description of the nature of the consolidated entity's operations and its principal activities is included in the Chairman's letter on page 2 and in the Directors' report on page 8, which are not part of the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the Company. All press releases, financial reports and other information are available on our website: www.tasgold.com.au.

For queries in relation to our reporting please call +61 7 5592 3666 or e-mail info@tasgold.com.au.

**TASGOLD LTD & ITS CONTROLLED ENTITIES
STATEMENTS OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2005**

	Notes	CONSOLIDATED		PARENT ENTITY	
		2005 \$	2004 \$	2005 \$	2004 \$
Revenue from ordinary activities	2	1,318,503	53,529	1,318,503	53,529
Company equipment use capitalised to exploration		195,977	148,695	195,977	148,695
Exploration expenditure written off	12	(551,471)	(734,202)	(512,788)	(713,648)
Administration and insurance expenses		(266,117)	(211,652)	(266,117)	(211,652)
Carrying amount of former subsidiary and other non current assets sold		(103,335)	-	(103,335)	-
Consultancy		(22,656)	(13,702)	(22,656)	(13,702)
Promotional expenses		(9,195)	(23,339)	(9,195)	(23,339)
Repairs and maintenance		(148,760)	(128,975)	(148,760)	(128,975)
Employee benefit expense		(122,249)	(71,014)	(122,249)	(71,014)
Depreciation and amortization	3	(101,892)	(78,067)	(101,892)	(78,067)
Other expenses from ordinary activities		(65,902)	(105,269)	(65,902)	(105,269)
Provision for non recovery of loan		-	-	(38,683)	(20,554)
Profit / (Loss) from ordinary activities before income tax expense		122,903	(1,163,996)	122,903	(1,163,996)
Income tax expense		-	-	-	-
Total changes in equity other than those resulting from transactions with owners as owners		122,903	(1,163,996)	122,903	(1,163,996)
Basic earnings per share		Cents 0.2	Cents (3.2)		

The above statements of financial performance should be read in conjunction with the accompanying notes.

**TASGOLD LTD & ITS CONTROLLED ENTITIES
STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2005**

	Notes	CONSOLIDATED		PARENT ENTITY	
		2005	2004	2005	2004
		\$	\$	\$	\$
CURRENT ASSETS					
Cash assets	6	299,339	375,686	299,337	375,686
Receivables	7	652,082	5,015	652,082	5,015
Other	8	22,475	18,543	22,475	18,543
TOTAL CURRENT ASSETS		973,896	399,244	973,894	399,244
NON-CURRENT ASSETS					
Receivables	9	76,280	60,780	76,280	142,873
Property, plant and equipment	10	588,152	278,357	588,152	278,357
Investments	11	1,260,225	-	1,260,227	-
Exploration and evaluation expenditure	12	1,420,301	620,020	1,420,301	537,927
TOTAL NON-CURRENT ASSETS		3,344,958	959,157	3,344,960	959,157
TOTAL ASSETS		4,318,854	1,358,401	4,318,854	1,358,401
CURRENT LIABILITIES					
Payables	14	173,552	119,319	173,552	119,319
TOTAL LIABILITIES		173,552	119,319	173,552	119,319
NET ASSETS		4,145,302	1,239,082	4,145,302	1,239,082
EQUITY					
Contributed equity	15	5,993,871	3,210,554	5,993,871	3,210,554
Accumulated losses	16	(1,848,569)	(1,971,472)	(1,848,569)	(1,971,472)
TOTAL EQUITY		4,145,302	1,239,082	4,145,302	1,239,082

The statements of financial position should be read in conjunction with the accompanying notes.

**TASGOLD LTD & ITS CONTROLLED ENTITIES
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2005**

	Notes	CONSOLIDATED		PARENT ENTITY	
		2005	2004	2005	2004
		\$	\$	\$	\$
Cash Flows from Operating Activities					
Interest received		35,930	53,529	35,930	53,529
Payments to suppliers and employees not included as part of exploration, evaluation and development activities below		(1,338,463)	(466,923)	(1,338,465)	(466,923)
Goods and Services Tax refunded		257,046	127,312	257,046	127,312
Net Cash Flow From / (Used In) Operating Activities	25	(1,045,487)	(286,082)	(1,045,489)	(286,082)
Cash Flows From Investing Activities					
Exploration and evaluation activities	25	(1,388,096)	(1,361,780)	(1,349,414)	(1,259,133)
Security deposits recovered / (paid)		(15,500)	(20,280)	(15,500)	(20,280)
Purchase of property, plant and equipment		(432,929)	(297,563)	(432,929)	(297,563)
Proceeds from sale of property, plant and equipment		22,348	-	22,348	-
Funding activities of subsidiaries		-	-	(38,682)	(102,647)
Net Cash Flow Used in Investing Activities		(1,814,177)	(1,679,623)	(1,814,177)	(1,679,623)
Cash Flows From Financing Activities					
Net cash proceeds from the issue of shares	15	2,783,317	564,649	2,783,317	564,649
Net Cash Flow From Financing Activities		2,783,317	564,649	2,783,317	564,649
Net increase (decrease) in cash held		(76,347)	(1,401,056)	(76,349)	(1,401,056)
Cash at the beginning of the financial year		375,686	1,776,742	375,686	1,776,742
Cash at the End of the Financial Year		299,339	375,686	299,337	375,686

The statements of cash flows should be read in conjunction with the accompanying notes.

TASGOLD LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2005

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

It is prepared in accordance with the historical cost convention. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

Basis of Preparation and Going Concern Basis

The financial statements have been prepared on the going concern basis. The ultimate recoupment of costs carried forward for exploration and evaluation is dependent upon the successful development and commercial exploitation or sale of the respective areas of interest. The Directors remain confident that the entity will continue to raise funds for its exploration and evaluation activities.

Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by TasGold Ltd ("company" or "parent entity") as at the end of the financial year and the results of all controlled entities for the financial year. TasGold Ltd and its controlled entities are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full.

Where control of an entity is obtained during a financial year, its results are included in the consolidated statement of financial performance from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed.

Investments in associates are accounted for in the consolidated financial statements using the equity method. Under this method, the consolidated entity's share of the profits or losses of associates is recognised as revenue in the consolidated statement of financial performance, and its share of movements in reserves is recognised in consolidated reserves. Associates are those entities over which the consolidated entity exercises significant influence, but not control.

TASGOLD LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2005

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign Currency Translation

Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. At balance date amounts payable and receivable in foreign currencies are translated to Australian currency at rates of exchange current at that date. Resulting exchange differences are brought to account in determining the profit or loss for the year.

Revenue Recognition

Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid.

Revenue from joint venture operator fees and hire fees is recognised at the end of each month during the term of the joint venture or hire agreement.

Receivables

All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition.

Collectibility of trade debtors is reviewed periodically. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

Cash

For the purpose of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and are subject to insignificant risk of changes in value, net of outstanding bank overdrafts.

Depreciation of Property Plant and Equipment

Items of property, plant and equipment are depreciated over their estimated useful lives. The diminishing balance method is used. Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use. Estimates of useful lives are made at the time of acquisition and varied as required. Expected useful lives are: Plant and Equipment between 4 years and 7 years.

Maintenance and Repairs

Plant of the consolidated entity is required to be overhauled on a regular basis. This is managed as part of an ongoing major cyclical maintenance program. The costs of this maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated in accordance with the above note "Property Plant and Equipment".

Income Tax

Tax effect accounting procedures are followed whereby the income tax expense in the statement of financial performance is matched with the accounting profit / (loss) after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

Investments

Interests in listed and unlisted securities, other than controlled entities and associates in the consolidated financial statements, are brought to account at cost. Controlled entities and associates are accounted for in the consolidated financial statements as set out in this note under Principles of Consolidation.

Exploration and Evaluation Costs

The Company has adopted a policy of writing off exploration and evaluation expenditure at the end of the period in which it is incurred, unless a mineral resource has been assessed for the area of interest.

The Directors believe that this policy results in the carrying value of exploration expenditure more appropriately reflecting the definition of an asset, being future benefits controlled by the consolidated entity.

Joint Venture Operations

The proportionate interests in the assets, liabilities and expenses of a joint venture operation have been incorporated in the financial statements under the appropriate headings. Details of the joint venture are set out in note 13.

**TASGOLD LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2005**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recoverable Amount of Non-Current Assets

The recoverable amount of an asset is the net amount expected to be recovered through the net cash inflows arising from its continued use and subsequent disposal, having regard to the specific treatment of exploration, evaluation and development expenditure as detailed above. The expected net cash flows included in determining recoverable amounts of non-current assets are not discounted to their present values.

Trade and Other Creditors

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Employee Benefits

The provision for employee benefits relates to amounts expected to be paid to employees for annual leave and is based on legal and contractual entitlements and includes related on costs. Expected future wage levels are used in the calculation of the provision.

The liability for employee benefits relating to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date.

Equity-based Compensation Benefits

Equity-based compensation benefits are provided to Directors on specific terms, if approved by shareholders, and to employees via the TasGold Ltd Employee Option Plan. Information relating to these options are set out in note 20.

No accounting entries are made until options are exercised, at which time the amounts receivable from Directors and/or employees are recognised in the statement of financial position as share capital. The amounts disclosed for remuneration of Directors and executives in note 19 include the assessed fair values of options at the date they were granted.

Earnings Per Share

Basic earnings per share is determined by dividing the net profit / (loss) from ordinary activities after income tax attributable to members of the Company by the weighted average number of ordinary shares outstanding during the financial year. Potential shares as a result of options outstanding at the end of year are not dilutive and therefore diluted earnings per share is not shown in the Financial Statements.

Impacts of adopting Australian equivalents to IFRS

The Australian Accounting Standards Board (AASB) is adopting International Financial Reporting Standards (IFRS) for application to reporting periods beginning on or after 1 January 2005. The AASB has issued Australian equivalents to IFRS, and the Urgent Issues Group has issued interpretations corresponding to IASB interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee. These Australian equivalents to IFRS are referred to hereafter as AIFRS. The adoption of AIFRS will be first reflected in the consolidated entity's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

Entities complying with AIFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of AIFRS to that comparative period. Most adjustments required on transition to AIFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004.

The Financial Controller has worked with the entity's accounting advisors to manage the transition to AIFRS and will continue to do so. A detailed timetable has been prepared for managing the transition and is currently on schedule.

The Financial Controller has analysed all of the AIFRS and has identified the accounting policy changes that will be required. In some cases choices of accounting policies are available, including elective exemptions under Accounting Standard AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*. These choices have been analysed to determine the most appropriate accounting policy for the consolidated entity.

The known or reliably estimable impacts on the financial report for the year ended 30 June 2005 had it been prepared using AIFRS are set out below. The matters herein relate to both the parent and consolidated entities. No material impacts are expected in relation to the statements of cash flows.

TASGOLD LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2005

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Although the adjustments disclosed in this note are based on management's best knowledge of expected standards and interpretations, and current facts and circumstances, these may change. For example, amended or additional standards or interpretations may be issued by the AASB and the IASB. Therefore, until the company prepares its first full AIFRS financial statements, the possibility cannot be excluded that the accompanying disclosures may have to be adjusted.

Impairment of Assets

Under AASB 136 *Impairment of Assets* (AASB 136), there will be changes to the recoverable amount test, including the need to consider Cash Generating Unit (CGU) concepts. Assets are impaired when the carrying amount exceeds their recoverable amount. Recoverable amount is the higher of fair value less costs to sell and the value in use, based on discounted cash flows. Any impairment losses arising are taken to the income statement. The current policy is to measure recoverable amounts on an undiscounted cash flow basis.

Management have made comparison of the carrying amounts of the entity's assets at 30 June 2005 against their recoverable amounts, including measuring their value in use on a discounted cash flow basis. Management have determined no impairment loss is required to be recognised under the new policy.

Exploration and evaluation

AASB 6 *Exploration for and Evaluation of Mineral Resources* (AASB 6) was issued in December 2004 to facilitate the introduction of AIFRS in respect of the treatment of exploration and evaluation expenditure, pending the completion of a comprehensive project on accounting for extractive industries. According to AASB 6 it is expected that the outcome will be a revised extractive activities standard that will replace AASB 6.

Generally, for Australian reporting entities, AASB 6 permits the continuation of existing Australian Generally Accepted Accounting Principles (AGAAP) accounting policies for the treatment of exploration, consistent with AASB 1022 *Accounting for the Extractive Industries*. This means that for Australian reporting entities, a policy consistent with "area of interest" accounting will be retained. AASB 6 provides that for each area of interest, expenditures incurred in the exploration for and evaluation of mineral resources shall be either:

- expensed as incurred; or
- partially or fully capitalised, where appropriate criteria are satisfied.

Management have assessed the standard and the impact it will have on the entity's financial statements and have determined that the treatment of these costs under AASB 6 will not be materially different to that under the existing accounting policy of successful efforts accounting (refer note 1 – Exploration and Evaluation Costs).

Income tax

Under AASB 112 *Income Taxes*, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method, items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss and current and deferred taxes cannot be recognised directly in equity.

Management have made an assessment on the financial report for the year ended 30 June 2005 and determined that there would not be a material impact had the policy required by AASB 112 been applied.

Equity-based compensation benefits

The group has elected to apply an exemption to adopt the requirements of AASB 2 *Share-based Payment* only in respect of equity instruments which were issued subsequent to 7 November 2002 and which had not vested prior to 1 January 2005. The group is required to recognise an expense for those options that were issued to employees under TasGold Limited's Employee Option Plans after 7 November 2002 but that had not vested by 1 January 2005.

This will result in a change to the current accounting policy under which no expense is recognised for equity-based compensation.

If the policy required by AASB 2 had been applied during the year ended 30 June 2005, consolidated and parent entity accumulated losses at 30 June 2005 would have been \$112,000 higher, with a corresponding increase in the share-based payment reserve. For the year ended 30 June 2005, the consolidated and parent entity employee benefits expense would have been \$52,305 higher, with a corresponding increase in the net movement in the share-based payment reserve. The employee benefit expense of \$52,305 for the year ended 30 June 2005 forms part of the total \$112,000 impact to accumulated losses as at 30 June 2005.

TASGOLD LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2005

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

The group will be taking advantage of the exemption available under AASB 1 to apply AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* only from 1 July 2005. This allows the group to apply previous AGAAP to the comparative information of financial instruments within the scope of AASB 132 and AASB 139 for the 30 June 2006 financial report.

Under AASB 132, the current classification of financial instruments issued by entities in the consolidated entity would not change.

Under AASB 139, financial assets held by entities in the consolidated entity will be classified as either at fair value through profit or loss, held-to-maturity, available for sale or loans and receivables and, depending upon classification, measured at fair value or amortised cost.

Under AASB 139, investments in:

- non-traded equity securities will be classified as available for sale and may be measured at fair value, with changes in fair value recognised directly in equity until the underlying asset is derecognised
- loans and receivables and financial liabilities classifications will remain unchanged. Measurement of these instruments will initially be at fair value with subsequent measurement at amortised cost, using the effective interest rate method.

This will result in a change to the current accounting policy, under which financial assets are carried at the lower of cost and recoverable amount, with changes recognised in profit or loss.

As a result of the application of the exemption referred to above, there would have been no adjustment to classification or measurement of financial assets or liabilities from the application of AIFRS during the year ended 30 June 2005. Changes in classification and measurement will be recognised from 1 July 2005.

NOTE 2 REVENUE	CONSOLIDATED		PARENT ENTITY	
	2005	2004	2005	2004
	\$	\$	\$	\$
Revenue from Outside the Operating Activities				
Sale of non current assets	22,348	-	22,348	-
Sale of former subsidiary	1,260,225	-	1,260,225	-
Interest received / receivable - other persons and / or corporations	35,930	53,529	35,930	53,529
Total Revenue	1,318,503	53,529	1,318,503	53,529

No dividends were received or receivable during the financial year.

Comparatives for 2004 have been adjusted to reflect the reclassification of Company equipment use capitalised to exploration.

NOTE 3 LOSS FROM ORDINARY ACTIVITIES

	CONSOLIDATED		PARENT ENTITY	
	2005	2004	2005	2004
	\$	\$	\$	\$
(a) Net Gains and Expenses				
Loss from ordinary activities before income tax includes the following specific net gains and expenses:				
Gains				
Net gains from disposal of assets	1,179,238	-	1,179,238	-
Expenses				
Amount set aside to provisions for employee entitlements	44,880	3,862	44,880	3,862
Depreciation of property, plant and equipment	101,892	78,067	101,892	78,067
Depreciation capitalised	32,454	40,428	32,454	40,428
Operating lease rentals	16,883	5,176	16,883	5,176

TASGOLD LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2005

NOTE 4 INCOME TAX

The prima facie tax, using rates applicable in the country of operation, on loss from ordinary activities differs from the income tax provided in the accounts as follows:

	CONSOLIDATED		PARENT ENTITY	
	2005	2004	2005	2004
	\$	\$	\$	\$
Prima facie tax (expense)/benefit on profit/loss from ordinary activities at 30% (2004 – 30%)	(36,871)	349,199	(36,871)	349,199
Income tax benefit utilised	36,871	-	36,871	-
Future income tax benefit not brought to account	-	(349,199)	-	(349,199)
Income tax expense and provision for income tax	-	-	-	-
Future income tax benefit not brought to account at balance date as realisation is not regarded as virtually certain	554,571	591,442	554,571	591,442

This benefit for tax losses will only be obtained if:

- The consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised; and
- The consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation; and
- No changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.

NOTE 5 DISCONTINUING OPERATION

On 18 May 2004, and again in the 2004 Annual Report, the Company announced its intention to sell one of its PNG subsidiaries, Island Arc Mining Ltd, which had been created during the year ended 30 June 2004. A contract for the sale was executed on 12 August 2004 and the sale was finalised on 27 June 2005.

At the time of its disposal, the only asset of the Company was \$82,093 capitalised exploration expenditure and \$82,091 was owed to the parent company. The company had not conducted any trading activities and had recorded no profit or loss. The debt was converted to share capital by the parent company to facilitate sale of the subsidiary.

Disposal of the subsidiary in exchange for shares in TSX Venture Exchange listed South Pacific Minerals Corp. (formerly Fraserfund Corp) realised a gain on disposal of \$1,178,132.

	CONSOLIDATED		PARENT ENTITY	
	2005	2004	2005	2004
	\$	\$	\$	\$
Cash at bank and on hand	587	21,176	585	21,176
Deposits on call	190,530	354,510	190,530	354,510
Share of joint venture cash	108,222	-	108,222	-
Balances per statement of cash flows	299,339	375,686	299,337	375,686

Deposits at call

The deposits are earning floating interest at 4.8% (2004 – 4.05%).

NOTE 7 CURRENT RECEIVABLES

CURRENT

Sundry receivables	652,082	5,015	652,082	5,015
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NOTE 8 OTHER CURRENT ASSETS

Prepayments	22,475	18,543	22,475	18,543
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TASGOLD LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2005

NOTE 9 NON-CURRENT RECEIVABLES

	CONSOLIDATED		PARENT ENTITY	
	2005	2004	2005	2004
	\$	\$	\$	\$
NON-CURRENT				
Deposits – tenements and premises	76,280	60,780	76,280	60,780
Loans to subsidiaries	-	-	59,236	102,647
Less provision for non-recovery	-	-	(59,236)	(20,554)
	<u>76,280</u>	<u>60,780</u>	<u>76,280</u>	<u>142,873</u>

NOTE 10 PROPERTY, PLANT AND EQUIPMENT

NON-CURRENT ASSETS

Plant and Equipment

Plant and equipment at cost	769,215	358,984	769,215	358,984
Less accumulated depreciation	(181,063)	(80,627)	(181,063)	(80,627)
	<u>588,152</u>	<u>278,357</u>	<u>588,152</u>	<u>278,357</u>

Reconciliation

Reconciliation of the carrying amount of property, plant and equipment at the beginning and end of the financial year are set out below:

Carrying amount at the beginning of the financial year	278,357	58,861	278,357	58,861
Additions	432,929	297,563	432,929	297,563
Disposals	(21,242)	-	(21,242)	-
Depreciation expense	(101,892)	(78,067)	(101,892)	(78,067)
Carrying amount at the end of the financial year	<u>588,152</u>	<u>278,357</u>	<u>588,152</u>	<u>278,357</u>

NOTE 11 INVESTMENTS

Investments traded on organised markets

Shares in other corporations – at cost	1,260,225	-	1,260,225	-
	<u>1,260,225</u>	<u>-</u>	<u>1,260,225</u>	<u>-</u>

Other (non-traded) investments

Shares in controlled entities – at cost (note 27)	-	-	2	-
	<u>-</u>	<u>-</u>	<u>2</u>	<u>-</u>
	<u>1,260,225</u>	<u>-</u>	<u>1,260,227</u>	<u>-</u>

Traded shares in other corporations

Consist of 3,000,000 common shares (15.7%) in the issued capital of South Pacific Minerals Corp (“SPZ”), a company incorporated in Canada and listed on the TSX Venture Exchange. The principal activity of SPZ is mineral exploration.

Non-traded shares in other corporations

Consist of 2 ordinary shares (100%) in the issued capital of TasGold (PNG) Ltd, a company incorporated in Papua New Guinea. The principal activity of TasGold PNG Ltd has been the application process for Mineral Exploration Licences in Papua New Guinea.

TASGOLD LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2005

NOTE 12 EXPLORATION AND EVALUATION EXPENDITURE

CONSOLIDATED		PARENT ENTITY	
2005	2004	2005	2004
\$	\$	\$	\$

Expenditure carried forward in respect of areas of interest:

Pre Production – Exploration and evaluation phase

Balance at the beginning of the financial year	620,020	-	537,927	-
Expenditure during the year	1,433,845	1,354,222	1,395,162	1,251,575
Amounts written off during the year	(551,471)	(734,202)	(512,788)	(713,648)
Disposal of subsidiary	(82,093)	-	-	-
Balance at the end of the financial year	<u>1,420,301</u>	<u>620,020</u>	<u>1,420,301</u>	<u>537,927</u>

The ultimate recoupment of costs carried forward for exploration and evaluation is dependent upon the successful development and commercial exploitation or sale of the respective areas of interest. The Company will continue to raise funds for exploration and development activities.

NOTE 13 INTERESTS IN JOINT VENTURES

Joint venture operation

Under an agreement dated 2 June 2004 the Company, jointly with Malachite Resources NL (“Malachite”), has entered into a joint venture with BHP Billiton Minerals Pty Limited to explore EL 42/2002, Mt Ramsay tenement in Western Tasmania. The Company and Malachite have met their joint commitment to spend at least \$25,000 on exploration and may spend up to \$500,000 to earn a 30% interest in the tenement.

The Company’s expenditure on the joint venture of \$114,617 during the year has been expensed as exploration and evaluation expenditure written off. An amount of \$108,222 being the Company’s share of joint venture cash, is included in cash assets in the financial statements.

NOTE 14 PAYABLES

CONSOLIDATED		PARENT ENTITY	
2005	2004	2005	2004
\$	\$	\$	\$

CURRENT				
Trade creditors	121,917	112,564	121,917	112,564
Other creditors (note 20)	51,635	6,755	51,635	6,755
	<u>173,552</u>	<u>119,319</u>	<u>173,552</u>	<u>119,319</u>

NOTE 15 CONTRIBUTED EQUITY TASGOLD LTD

PARENT ENTITY		PARENT ENTITY	
2005	2004	2005	2004
Shares	Shares	\$	\$

(a) Paid Up Capital

Ordinary shares – fully paid	58,226,293	38,151,451	5,993,871	3,210,554
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Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and in a poll each share is entitled to one vote.

TASGOLD LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2005

NOTE 15 CONTRIBUTED EQUITY TASGOLD LTD (continued)

(b) Movements in ordinary share capital of the Company:

Date	Details	Number of Shares	Issue Price \$	\$
01-07-2003	Opening balance	34,335,923		2,645,905
22-10-2003	Issued pursuant to a			
to 03-12-2003	Share Purchase Plan	3,815,528	\$0.150	572,329
	Less transaction costs arising on issues			(7,680)
26-07-2004	Exercise of listed options	11,000	\$0.20	2,200
19-08-2004	Issued pursuant to a Rights Issue	8,810,442	\$0.16	1,409,671
19-08-2004	Placements	525,000	\$0.16	84,000
19-08-2004	Issued in lieu of Share Registry Fees *	262,500	\$0.16	42,000
24-02-2005	Issued pursuant to Share Purchase Plan	9,300,900	\$0.125	1,162,612
24-02-2005	Exercise of listed options	10,000	\$0.20	2,000
24-02-2005	Placements	1,155,000	\$0.125	144,375
	Less transaction costs arising on issues			(63,541)
30-06-2005	Balance	<u>58,226,293</u>		<u>5,993,871</u>

* Issues other than for cash

(c) Options

	No. of Options	
	2005	2004
The number of unissued ordinary shares relating to options not exercised at year end:		
- Options exercisable on or before 20 November 2007 at 20 cents	26,064,754	16,487,812
- Non-transferable Options exercisable on or before 31 December 2007 at 20 cents	1,880,000	1,977,000
- Non-transferable Options exercisable between 1 January 2005 – 31 December 2007 at 20 cents	1,600,000	2,000,000
	<u>29,544,754</u>	<u>20,464,812</u>

(d) Option Issues

During the financial year the Company made the following options issues:

Date	Details	Number of Options	Exercise Price	Expiry Date
19-08-2004	Pursuant to Rights Issue dated 12.7.04	8,810,442	20 cents	30 November 2007
19-08-2004	Pursuant to Rights Issue dated 12.7.04	525,000	20 cents	30 November 2007
19-08-2004	In lieu of Share Registry Fees	262,500	20 cents	30 November 2007
28-09-2004	Non-transferable options issued under the terms of the Employee Option Scheme	851,500	20 cents	31 December 2007

(e) Option Exercise

During the financial year a total of 10,000 options were exercised.

(f) Option Expiry

No options expired during the financial year.

(g) Option Cancellation

1,348,500 non transferable options to acquire shares in the Company under the terms of the TasGold Employee Option Scheme were cancelled for employees ceasing employment with the Company.

NOTE 16 ACCUMULATED LOSSES	CONSOLIDATED		PARENT ENTITY	
	2005	2004	2005	2004
	\$	\$	\$	\$
Accumulated losses at the beginning of the financial year	1,971,472	807,476	1,971,472	807,476
(Profit)/Losses from ordinary activities after income tax	(122,903)	1,163,996	(122,903)	1,163,996
Accumulated losses at the end of the financial year	<u>1,848,569</u>	<u>1,971,472</u>	<u>1,848,569</u>	<u>1,971,472</u>

**TASGOLD LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2005**

NOTE 17 COMMITMENTS

Exploration Expenditure Commitments

	CONSOLIDATED		PARENT ENTITY	
	2005	2004	2005	2004
	\$	\$	\$	\$
In order to maintain rights of tenure to exploration tenements the Company and the consolidated entity are required to perform exploration work to meet the minimum expenditure requirements as specified by various governments.				
Outstanding obligations are not provided for in the accounts and are payable:				
Not later than 1 year	454,200	1,049,000	454,200	1,049,000
Later than 1 year but not later than 2 years	300,000	167,000	300,000	167,000
	<u>754,200</u>	<u>1,216,000</u>	<u>754,200</u>	<u>1,216,000</u>

Consultancy Agreement Commitments

Consultancy agreement fees are payable as follows:

Not later than 1 year	75,000	75,000	75,000	75,000
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NOTE 18 RELATED PARTIES

Directors and specified executives

Disclosures relating to Directors and specified executives are set out in note 19.

Wholly-owned group

The wholly-owned group and the consolidated entity consist of TasGold Ltd and its wholly-owned controlled entity, TasGold PNG Limited. Ownership interests in this controlled entity is set out in note 27.

TasGold PNG Limited is incorporated in and operates in Papua New Guinea.

Transactions between TasGold Ltd and other entities in the wholly-owned group during the year ended 30 June 2005 consisted of loans advanced to TasGold PNG Ltd and Island Arc Mining Ltd (sold May 2005).

The above transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of principal on loans advanced to TasGold Ltd and Island Arc Mining Ltd and no interest has been charged.

Controlling entities

The ultimate parent entity in the wholly-owned group and the consolidated entity is TasGold Ltd, a public, listed company, incorporated and resident in Australia and having its registered address and principal place of business at Level 1, 94 Bundall Rd, Bundall, Queensland.

Ownership interests in related parties

Interests held in the following classes of related parties are set out in the following notes:

(a) controlled entities – note 27.

NOTE 19 DIRECTOR AND EXECUTIVE DISCLOSURES

Directors

The following persons were Directors of TasGold Ltd during the financial year:

Chairman – Non-Executive

R.D. McNeil

Executive Director

P.A. McNeil, *Managing Director*

Non-Executive Directors

G.J. Fish

W.J. Staude

**TASGOLD LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2005**

NOTE 19 DIRECTOR & EXECUTIVE DISCLOSURES (continued)

Executives (other than Directors) with the authority for strategic direction and management

The following person was the one executive with authority for the strategic direction and management of the consolidated entity ("specified executive") during the financial year:

Name	Position	Employer
R. Reid	Exploration Manager	TasGold Ltd

Remuneration of Directors and executives

Remuneration of Directors and executives is set out in the Remuneration Report on pages 11 to 13.

Share-based compensation – options - Directors

The terms and conditions of the grant of options affecting remuneration in this reporting period is as follows:

Grant date	Expiry date	Exercise price	Value per option at grant date	Date exercisable
3 December 2003	31 December 2007	20 cents	7 cents	Between 1 January 2005 and 31 December 2007

The options granted to Directors were approved by the Annual General Meeting on 28 November 2003 under the following conditions:

The main terms and conditions for these options are set out below.

- Each option entitles the holder to subscribe for one fully paid ordinary share in the capital of the Company.
- The options are exercisable at any time from 1 January 2005 and prior to 5.00pm eastern standard time, 31 December 2007 ("expiry date"). Options may only be exercised in multiples of 50,000. Any options not exercised by the expiry date shall lapse. The exercise price of each option is 20 cents.
- Options are not transferable. Application will not be made to ASX for their Official Quotation.
- If a Director issued options under these Terms and Conditions ceases to be substantially involved with the Company the Directors at their discretion may cancel all or part of the holder's options obtained under this plan after giving the holder 60 days notice of their intention to do so.

Share-based compensation – options – Employees

Grant date	Expiry date	Exercise price	Value per option at grant date	Date exercisable
7 November 2003	31 December 2007	20 cents	\$0.08	Between 7 November 2003 and 31 December 2007
5 February 2004	31 December 2007	20 cents	\$0.08	Between 5 February 2004 and 31 December 2007
28 September 2004	31 December 2007	20 cents	\$0.08	Between 28 September 2004 and 31 December 2007

**TASGOLD LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2005**

NOTE 19 DIRECTOR & EXECUTIVE DISCLOSURES (continued)

Options are granted under the TasGold Ltd Employee Incentive Option Plan. The main terms and conditions of the plan are:

- Each option entitles the holder to subscribe for one fully paid ordinary share in the capital of the Company.
- The options are exercisable at any time prior to 5.00 p.m. eastern standard time on the expiry date. Options may only be exercised in multiples of 5,000. Any options not exercised by the expiry date shall lapse.
- Options are not transferable. Application will not be made to ASX for their Official Quotation.
- If an optionholder under this Plan ceases to be substantially involved with the Company, the Directors, at their discretion may cancel all or part of the holder's options obtained under this plan after giving the holder 60 days notice of their intention to do so.

Options provided as remuneration

Details of options over ordinary shares in the Company provided as remuneration to each Director of TasGold Ltd and the one specified executive of the consolidated entity are set out below. When exercisable, each option is convertible into one ordinary share of TasGold Ltd. Further information on the options is set out in note 20.

Name	Number of options granted during the year	Number of options vested during the year
Directors of TasGold Ltd		
R.D. McNeil	-	400,000
P.A. McNeil	-	400,000
G.J. Fish	-	400,000
W.J. Staude	-	400,000
Specified executives of the consolidated entity		
R. Reid	400,000	400,000

Shares provided on exercise of remuneration options

There were no ordinary shares in the Company provided as a result of the exercise of remuneration options to any Director of TasGold Ltd or the specified executive of the consolidated entity during the year.

Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each Director of TasGold Ltd and the specified executive of the consolidated entity, including their personally-related entities, are set out below.

Name	Balance at the start of the year	Granted during the year as remuneration	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors of TasGold Ltd						
R.D. McNeil	1,438,000	-	-	413,000	1,851,000	1,851,000
P.A. McNeil	1,120,500	-	-	556,500	1,677,000	1,677,000
G.J. Fish	410,000	-	-	6,829	416,829	416,829
W.J. Staude	450,000	-	-	-	450,000	450,000
Specified executives of the consolidated entity						
R. Reid	-	400,000	-	-	400,000	400,000

**TASGOLD LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 19 DIRECTOR & EXECUTIVE DISCLOSURES (continued)

Share holdings

The numbers of shares in the Company held during the financial year by each Director of TasGold Ltd and the specified executive of the consolidated entity, including their personally-related entities, are set out below.

Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Directors of TasGold Ltd				
Ordinary Shares				
R.D. McNeil	4,145,520	-	713,000	4,858,520
P.A. McNeil	7,725,014	-	184,805	7,909,819
G.J. Fish	10,000	-	10,829	20,829
W.J. Staude	50,000	-	-	50,000
Specified executives of the consolidated entity				
Ordinary Shares				
R. Reid	-	-	-	-

Loans to Directors and executives

No loans were made to Directors of TasGold Ltd or the specified executive of the consolidated entity, including their personally-related entities.

Other transactions with Directors and specified executives

Directors of TasGold Ltd

A Director, P.A. McNeil, has a Consulting Contract in place for the provision of geological and management services to the consolidated entity.

Directors R.D. McNeil and P.A. McNeil are parties to a joint venture agreement for the Company to sole fund exploration on the related parties interest of 10% in two exploration tenements controlled by the Company.

Aggregate amounts of each of the above types of other transactions with Directors of TasGold Ltd:

Amounts recognised as expense	2005 \$	2004 \$
Consulting fees:		
Administration	14,152	13,702
Exploration	141,143	116,202
Exploration Expenditure	13,050	32,301
Amounts capitalized		
Exploration Expenditure	63,389	45,195

Specified executives of the consolidated entity

No other transactions occurred between the Company and specified executives except for the reimbursement, at cost, of expenditure incurred on behalf of the Company.

NOTE 20 EMPLOYEE BENEFITS

Employee benefit and related on-costs liabilities	CONSOLIDATED		PARENT ENTITY	
	2005 \$	2004 \$	2005 \$	2004 \$
Included in other creditors – current (note 14)	51,635	6,755	51,635	6,755
Aggregate employee benefit and related on-costs liabilities	51,635	6,755	51,635	6,755
Employee numbers	2005	2004	2005	2004
	Number	Number	Number	Number
Average number of employees during the financial year	17	8	17	8

As explained in note 1, the liability for long service leave and termination benefits represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date. For reporting purposes all such liabilities are assumed to be payable within 12 months.

**TASGOLD LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2005**

NOTE 20 EMPLOYEE BENEFITS (continued)

TasGold Ltd Employee Option Plan

The Directors of the Company may, upon the recommendation of the Managing Director, issue options to subscribe for shares in the Company to employees and consultants of the Company, a company related to the Company ("Related Company") and any joint venture in which the Company or a Related Company participates. However, no options are to be issued to Directors of the Company pursuant to the Plan.

- The Directors of the Company may issue options to subscribe for shares in the Company to employees and consultants of the Company, a company related to the Company ("Related Company") and any joint venture in which the Company or a Related Company participates. However, no options are to be issued to Directors of the Company pursuant to the Plan.
- Each option entitles the holder to subscribe for one fully paid ordinary share in the capital of the Company.
- The options are exercisable at any time prior to 5.00 p.m. eastern standard time, on the first business day five (5) years after the date of issue of the options ("expiry date" or at an earlier date specified at the time the options are granted). Options may only be exercised in multiples of 5,000. Any options not exercised by the expiry date shall lapse.
- The exercise price of each option will be 110% of the average of the market closing price for Company ordinary shares over the 5 business days prior to the day on which options are issued (rounded up to the nearest full cent) or a greater price determined by the Directors. The amount calculated by that average is to be advised to employees at the time of issue of the options.
- Exercise of the options is effected by delivery of a Notice of Exercise to the registered office of the Company together with payment of the exercise price of the options. Shares will be issued pursuant to the exercise of the options not more than 14 days after receipt by the Company from the option holder of the Notice and the exercise price in respect of the options.
- Options may not be exercised if the effect of such exercise and subsequent allotment of shares would be to create a holding of less than a marketable parcel of ordinary shares unless the allottee is already a shareholder of the Company at the time of exercise.
- Options are not transferable. Application will not be made to ASX for their Official Quotation.
- All shares issued upon exercise of the options and payment of the exercise price will rank *pari passu* in all respects with the Company's then existing ordinary fully paid shares. The Company will apply for Official Quotation by ASX of all shares issued upon exercise of the options.
- There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the books closing date will be at least 7 business days after the issue is announced. This will give optionholders the opportunity to exercise their options prior to the date for determining entitlements to participate in any such issue.
- In the event of any reconstruction, including a consolidation, sub-division, reduction or return of the issued capital of the Company prior to the expiry date, the number of options to which each holder is entitled or the exercise price of the options or both will be reconstructed as appropriate in a manner which is in accordance with the Listing Rules then applying and which will not result in any benefits being conferred on optionholders which are not conferred on shareholders, subject to such provisions with respect to the rounding of entitlements as may be sanctioned by the meeting of shareholders approving the reconstruction of capital, but in all other respects the terms of exercise of the options will remain unchanged.
- If an optionholder under this Plan ceases to be substantially involved with the Company, the Directors, at their discretion may cancel all or part of the holder's options obtained under this plan after giving the holder 60 days notice of their intention to do so.

TASGOLD LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2005

NOTE 20 EMPLOYEE BENEFITS (continued)

Set out below are summaries of options granted under the plan.

Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number	Issued during the year Number	Exercised during the year Number	Lapsed during the year Number	Balance at end of the year Number
Consolidated and parent entity - 2005							
7 Nov 2003	31 Dec 2007	20 cents	1,610,000	-	-	540,000	1,070,000
3 Dec 2003	31 Dec 2007	20 cents	2,000,000	-	-	400,000	1,600,000
5 Feb 2004	31 Dec 2007	20 cents	367,000	-	-	238,500	128,500
28 Sep 2004	31 Dec 2007	20 cents	-	851,500	-	170,000	681,500
Total			3,977,000	851,500	-	1,348,500	3,480,000

Options granted at the end of the year were all vested.

Consolidated and parent entity - 2004

7 Nov 2003	31 Dec 2007	20 cents	-	1,610,000	-	-	1610,000
3 Dec 2003	31 Dec 2007	20 cents	-	2,000,000	-	-	2,000,000
5 Feb 2004	31 Dec 2007	20 cents	-	367,000	-	-	367,000
Total			-	3,977,000	-	-	3,977,000

There were no options exercised during the financial year to employees on the exercise of options.

NOTE 21 SEGMENT INFORMATION

Primary reporting – geographical based on the location of assets

		Geographical Segments		
		Papua New Guinea \$	Australia \$	Consolidated \$
Operating revenue	2005	-	1,318,503	1,318,503
	2004	-	53,529	53,529
Segment results	2005	(38,683)	161,596	122,903
	2004	(20,554)	(1,143,442)	(1,163,996)
Segment assets	2005	-	4,318,854	4,318,854
	2004	82,093	1,276,308	1,358,401
Segment liabilities	2005	-	173,552	173,552
	2004	-	119,319	119,319
Segment depreciation	2005	-	101,892	101,892
	2004	-	78,067	78,067
Segment write down of exploration assets	2005	38,683	512,788	551,471
	2004	20,554	713,648	734,202

The consolidated entity operates predominantly in the mining industry. This comprises exploration and evaluation of gold, silver and base metals projects. Inter-segment transactions are priced at cost to the consolidated entity.

NOTE 22 AUDITORS' REMUNERATION

Amounts received or due and receivable by the auditors, from entities in the consolidated entity or related entities:

	CONSOLIDATED		PARENT ENTITY	
	2005 \$	2004 \$	2005 \$	2004 \$
Auditing accounts	17,680	14,909	17,680	14,909
Other services	10,500	-	10,500	-
	28,180	14,909	28,180	14,909

TASGOLD LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2005

NOTE 23 EARNINGS PER SHARE ("EPS")	2005	2004
Basic earnings (losses) per share (cents per share)	0.2	(3.2)
The profit / (loss) used in calculating basic earnings per share is the loss attributable to members of TasGold Ltd	122,903	(1,163,996)
Weighted average number of shares used in the calculation of the basic EPS	50,057,709	36,901,327
The number of potential ordinary shares relating to options not exercised at year end. These potential ordinary shares are not dilutive.	29,544,754	20,464,812

NOTE 24 CONTINGENT LIABILITIES

A claim for unfair dismissal lodged against the Company by a former employee in the 2004 year has been settled for \$1,000. No contingent liabilities are known to exist.

NOTE 25 RECONCILIATION OF LOSS FROM ORDINARY ACTIVITIES AFTER INCOME TAX TO NET CASH USED IN OPERATING ACTIVITIES	CONSOLIDATED		PARENT ENTITY	
	2005	2004	2005	2004
	\$	\$	\$	\$
(a) Reconciliation of the Loss from ordinary activities after income tax to the net cash flow from operations:				
Profit / (Loss) from ordinary activities after income tax	122,903	(1,163,996)	122,903	(1,163,996)
Adjustment for non cash items:				
- Write-off exploration expenditure	551,471	734,202	512,788	713,648
- Depreciation	101,892	78,067	101,892	78,067
- Provision for non-recovery of loan	-	-	38,682	20,554
- Gain on disposal of subsidiary and vehicle	(1,179,238)	-	(1,179,238)	-
Change in assets and liabilities:				
- Decrease / (increase) in accounts receivable and prepayments	(653,995)	36,846	(653,994)	36,846
- Increase / (decrease) in accounts payable and borrowings	11,480	28,799	11,480	28,799
Net Cash Flows From / (Used In) Operating Activities	(1,045,487)	(286,082)	(1,045,487)	(286,082)
(b) Reconciliation of the exploration and evaluation and development expenditure:				
(Increase)/Decrease in statement of financial position	(800,281)	(620,020)	(882,374)	(537,927)
Evaluation expenditure included in loss for the year	(551,471)	(734,202)	(512,788)	(713,648)
Adjustment for non cash items:				
- Disposal of subsidiary – exploration amount	(82,093)	-	-	-
Change in assets and liabilities:				
- Decrease / (increase) in accounts receivable	2,996	(3,409)	2,995	(3,409)
- Increase / (decrease) in accounts payable and borrowings	42,753	(4,149)	42,753	(4,149)
Balance as per Statements of Cash Flows	(1,388,096)	(1,361,780)	(1,349,414)	(1,259,133)

NOTE 26 FINANCIAL INSTRUMENTS

(a) Credit risk exposures

The credit risk on financial assets of the economic entity which have been recognised on the statement of financial position, other than investments in shares, is generally the carrying amount, net of any provisions for doubtful debts.

TASGOLD LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2005

NOTE 26 FINANCIAL INSTRUMENTS (continued)

(b) Interest rate risk exposures

The economic entity's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the economic entity intends to hold fixed rate assets and liabilities to maturity.

2005	Notes	Floating Interest Rate \$	Non Interest Bearing \$	Total \$
Financial assets				
Cash and deposits		190,529	108,810	299,339
Receivables		-	728,362	728,362
		190,529	837,172	1,027,701
Weighted average interest rate		4.8%		
Financial liabilities				
Accounts payable and other creditors		-	121,917	121,917
		-	121,917	121,917
Weighted average interest rate				
Net Financial assets / (liabilities)		190,529	715,255	905,784
2004				
Financial assets				
Cash and deposits		354,511	21,175	375,686
Receivables		-	65,795	65,795
		354,511	86,970	441,481
Weighted average interest rate		4.05%		
Financial liabilities				
Accounts payable and other creditors		-	119,319	119,319
		-	119,319	119,319
Weighted average interest rate				
Net Financial assets / (liabilities)		354,511	(32,349)	322,162

Reconciliation of net financial assets to net assets

	2005 \$	2004 \$
Net financial assets as above	905,784	322,162
Non-financial assets and liabilities	3,239,518	916,920
Net assets per balance sheet	4,145,302	1,239,082

(c) Net fair value of financial assets and liabilities

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximates their carrying value.

The net fair value of other monetary financial assets and financial liabilities is derived from market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

The carrying amounts of financial assets and liabilities at balance date are not materially different from net fair value.

NOTE 27 INVESTMENTS IN CONTROLLED ENTITIES

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding	
			2005 %	2004 %
TasGold PNG Limited	Papua New Guinea	Ordinary	100	100

NOTE 28 NON-CASH FINANCING AND INVESTING ACTIVITIES

The sale of former PNG subsidiary Island Arc Mining Ltd was made in exchange for the issue of 3,000,000 shares in the purchaser, South Pacific Minerals Corp., as detailed in note 5. The consideration value was \$1,260,225 and resulted in a gain on disposal of \$1,178,132.

DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) The financial statements and notes set out on pages 22 to 41 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2005 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) the remuneration disclosures set out on pages 11 to 13 of the directors' report comply with Accounting Standard AASB 1046 *Director and Executive Disclosures by Disclosing Entities* and the *Corporations Regulations 2001*; and

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.



R.D. McNeil
Chairman

Bundall, Queensland
6 September 2005

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF TASGOLD LTD

Audit opinion

In our opinion:

1. the financial report of TasGold Ltd:
 - gives a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of TasGold Ltd and the TasGold Ltd Group (defined below) as at 30 June 2005, and of their performance for the year ended on that date, and
 - is presented in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.
2. the remuneration disclosures that are contained in pages 11 to 13 of the directors' report comply with Accounting Standard AASB 1046 *Directors And Executive Disclosures by Disclosing Entities* (AASB 1046) and the *Corporations Regulation 2001*.

This opinion must be read in conjunction with the rest of our audit report.

Scope

The financial report and Directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the Directors' declaration for TasGold Ltd (the company) and the TasGold Ltd Group (the consolidated entity), for the year ended 30 June 2005. The consolidated entity comprises both the Company and the entities it controlled during that year.

The remuneration disclosures on pages 11 to 13 of the Directors Report consist of the information about the remuneration of directors and executives required by AASB 1046. This information is included in the Directors' Report under the heading "Remuneration Report" in accordance with the *Corporations Regulations*. The directors of the company are responsible for ensuring compliance with AASB 1046 in accordance with the *Corporations Act 2001*.

The Directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The directors are also responsible for the remuneration disclosures contained in the directors' report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected. For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows. We also performed procedures to assess whether the remuneration disclosures comply with AASB 1046 and the *Corporations Regulations 2001*.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report and remuneration disclosures, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Directors.

When this audit report is included in an Annual Report, our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

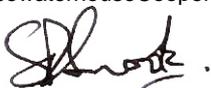
Our audit did not involve an analysis of the prudence of business decisions made by Directors or management.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.



PricewaterhouseCoopers



Stephen R. Snook
Partner

Brisbane
6 September 2005

SHAREHOLDER INFORMATION

Information required by Australian Stock Exchange Limited and not shown elsewhere in this report is as follows:-

STATEMENT OF QUOTED SECURITIES AS AT 5 SEPTEMBER 2005

a) Distribution of Shareholders		
Size of Holding	Number of Shareholders	Number of Optionholders
1 – 1,000	1,083	102
1,001 – 5,000	678	136
5,001 – 10,000	234	178
10,001 – 100,000	578	249
100,001 and over	79	42
	2,652	707
b) Number of holders of less than marketable parcels	1,745	443
c) Percentage holding of 20 largest holders	41.95	50.44
d) Substantial shareholders in the Company are set out below:		
Ordinary Shares	Number Held	Percentage
Peter Andrew McNeil	7,045,641	12.1%
Robert Donald McNeil	4,477,083	7.7%
e) Twenty largest shareholders/optionholders (as at 5 September 2005)		

Shareholder		
Name	Quantity	% of Total Holding
ANZ Nominees Ltd <Cash Income A/C>	4,384,957	7.53
McNeil Associates Pty Ltd <McNeil Super Fund A/C>	4,258,461	7.31
Exploration & Management Consultants Pty Ltd <Malalo Super Fund A/C>	4,103,673	7.05
Macmin Silver Ltd	1,698,157	2.92
Paige Simone McNeil	1,420,376	2.44
Malachite Resources NL	1,300,000	2.23
Exploration & Management Consultants Pty Ltd	1,241,968	2.13
Peter Andrew McNeil	1,081,250	1.86
Mr Peter Fabian Hellings	700,000	1.20
Pathold No 77 Pty Ltd <Midvale A/C>	514,810	.88
J P Morgan Nominees Australia Limited	500,001	.86
Seaview Enterprises Pty Ltd	450,000	.77
Technica Pty Ltd	429,284	.74
Westpac Custodian Nominees Limited	375,713	.65
Mr Glenn Thomas Connor	358,621	.62
Westtin Pty Ltd	350,000	.60
Robert C Galbraith	320,242	.55
Mr Grahame John McKenzie	320,229	.55
Pathold No 77 Pty Limited <Ackerman Super Fund A/C>	313,911	.54
Rosewarne Superannuation Pty Ltd <The Rosewarne S/F A/C>	300,000	.52
TOTAL	24,421,653	41.95

Optionholder (expiry date 30 November 2007)		
Name	Quantity	% of Total Holding
J P Morgan Nominees Australia Limited	1,666,666	6.39
Malachite Resources NL	1,500,000	5.75
Macmin Silver Ltd	1,437,500	5.52
ANZ Nominees Ltd <Cash Income A/C>	1,371,877	5.26
McNeil Associates Pty Ltd <McNeil Super Fund A/C>	1,161,000	4.45
Paige Simone McNeil	928,750	3.56
Pathold No 77 Pty Ltd <Midvale A/C>	680,063	2.61
Mr Robert Cameron Galbraith	670,000	2.57
Mr Peter Fabian Hellings	500,000	1.92
Mr Glenn T Connor & Mrs Annette M Connor <Connor Super Fund A/C>	451,000	1.73
Cadoliz P/L <Nareshkumar Patel A/C>	445,734	1.71
Mr Glenn Thomas Connor	400,000	1.53
Pathold No 77 Pty Limited <Ackerman Super Fund A/C>	317,126	1.22
Mr Trevor John Bowan	281,250	1.08
Moonyah Nominees Pty Ltd	262,500	1.01
Richard Henry Cowley	255,000	.98
Mr David Christopher Kemp	220,000	.84
Mrs Carla Ivette Doyle	200,000	.77
Mr Donal Francis O'Sullivan	200,000	.77
Ms Rudite Parums & Mrs Liene Berzins <Parums Super Fund A/C>	200,000	.77
TOTAL	13,148,466	50.44

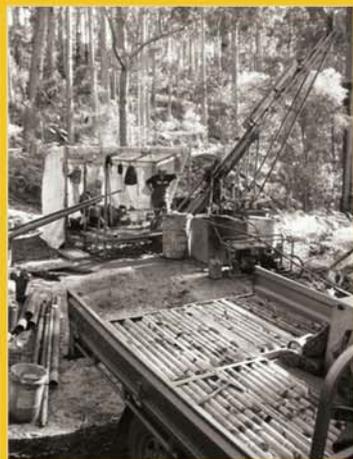
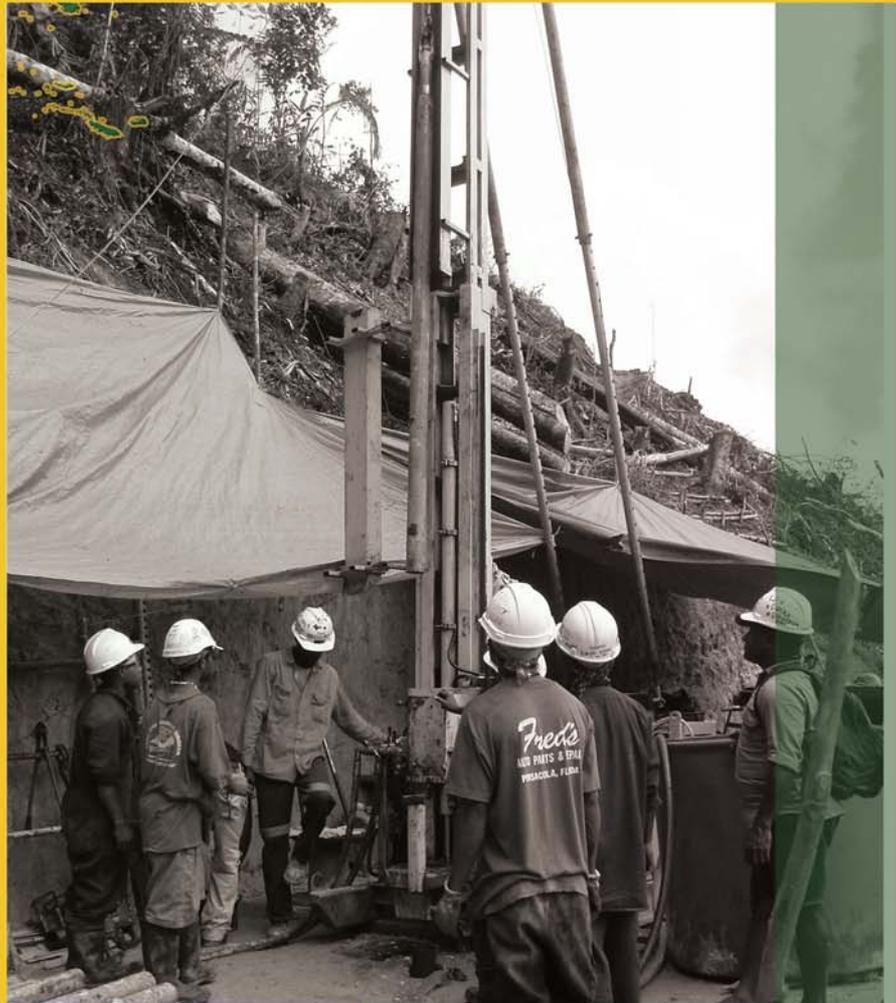
f) Voting Rights

Registered holders of ordinary shares in the capital of the Company may attend and vote at general meetings of the Company in person or by proxy and may exercise one vote for each share held. Every person present at a general meeting as an ordinary shareholder shall have one vote on a show of hands.

STATEMENT OF UNQUOTED SECURITIES (OPTIONS) AS AT 5 SEPTEMBER 2005

There are on issue the following unquoted securities:-

	Quantity
Ordinary fully paid	58,226,293
Options expiring 30/11/2007 restricted 20 cents	26,064,754
Non transferable options expiring 31/12/2007 exercisable at 20 cents	3,440,000



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