

**BONDS RANGE PROJECT
TASMANIA
EL28/2002**

**ANNUAL PROGRESS REPORT
31ST JANUARY 2005 TO 30TH JANUARY 2006**

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ABSTRACT

Bass Metals commenced management of Bonds Range exploration licence (EL28/2002) on 27 April 2005. Work conducted on the licence for the year ended 30/01/2006 included compilation of historical data into a MapInfo database, processing of ASTER satellite data and planning for a soil geochemical exploration programme.

Bass was aware that ASTER and HyMap data could identify chlorite and sericite alteration at the Mount Lyell field. After some consideration Bass sourced some ASTER satellite data which measures a similar radiation spectrum to the HyMap data though has a lower resolution. Bass hoped that it would be useful in mapping regional alteration trends.

Henty Gold mine was visited to gain a better understanding of the geology and mineral deposits in the region. Chief Geologist Simon Pollard gave a briefing on regional and local geology including a detailed account on wall rock alteration zonation. The visit also assisted in the determination of pathfinder elements for Henty style gold deposits as being Au, Ag, Bi, Cu and Pb.

The licence was visited and it was determined that the regolith would be suitable for a soil geochemical programme. It was decided that a successful soil geochemical programme would require a quad bike for transporting samples, grid line cutting (through vegetation) and a hand auger to drill through a thin vegetation and humic topsoil layer.

A proposal for a soil geochemical programme at Bonds Range was submitted to the MRT in November 2005. At approximately the same time it was realised that the minimum expenditure commitment for year 3 would not be met before the anniversary of the licence (ie 30 January 2006). On the 5 December 2005 a request was made to the MRT for a deferral in expenditure commitment. On the 21 December 2005 the MRT granted a deferral in expenditure from the 31 January 2006 to the 31 July 2006. The MRT approved the soil geochemical programme in January 2006. The programme had not commenced before the end of the year.

The soil geochemical programme and a Geoinformatics programme were undertaken during the following six months. Appendix 1 contains a 'Progress Report on Exploration Activities for the Six Month Period from the 31 January 2006 to the 31 July 2006'.

All exploration activities were conducted in an environmentally sensitive manner.

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1. INTRODUCTION

This report is a summary of the exploration activities conducted on the Bonds Range exploration licence, EL28/2002 (Figure 1), for the period of 31 January 2005 to 30 January 2006. The license covers a total area of 54km² and is due to expire on the 31st January 2008. A Farm in and Joint Venture Agreement between Adamus and Bass commenced in April 2005. Bass is currently managing exploration at the licence from a base at the Hellyer Mine site.

The license is located in the northwest corner of Tasmania and contains a portion of the prospective Mount Read Volcanics belt ("MRV"). This belt hosts a number of large VHMS deposits in the nearby area, including, Hellyer (Pb-Zn-Ag-Au) and Que River (Pb-Zn) as well as having potential to host younger Devonian aged deposits including tin and gold (e.g. Mt Bischoff). Exploration at Bonds Range is likely to be for Cambrian VHMS deposits and Devonian granite and hydrothermal related deposits (eg Ten Mile Creek).

Appendix 1 contains a 'Progress Report on Exploration Activities for the six month period from the 31 January 2006 to the 31 July 2006' to meet any additional reporting requirements after the Department of Mineral Resources Tasmania granted a six month deferral of expenditure on 21 December 2005.

1.1 Location:

The Bonds Range License is located northeast of Rosebery, on the west coast of Tasmania (Figure 1). A partial relinquishment at the end of the second year resulted in the licence area being reduced from the originally granted block of 106km² to three blocks that total 54 km² in area. The licence area can be found on the Sophia and Hellyer (1:100,000) map sheets.

The southern two blocks are bound to the west by Lake Macintosh and to the east by the Cradle Mountain – Lake St Claire World Heritage Area. They can be accessed by driving south along the Cradle Mountain Lodge Road and then west along the northern boundary track of the World Heritage Area. The Cradle Mountain Link Road (C132) touches the south-eastern corner of the northern block giving direct access. Access to most of the licence is either by quad bike, on foot or by helicopter.

Topographically the area runs along the Bonds Range and is quite variable displaying steep wooded slopes, deeply incised valleys and grassed flat plateaus and broad plains. The licence area encroaches on several conservation areas. Including the Vale of Belvoir and Black Bluff Conservation Areas.

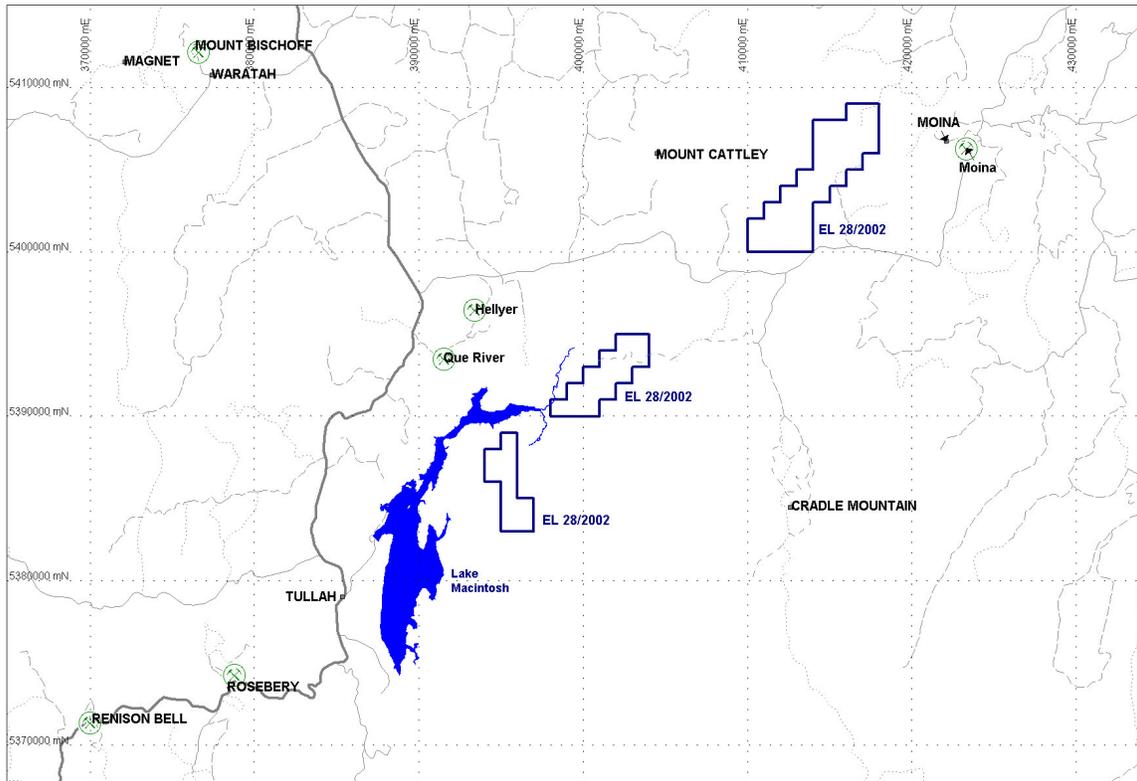


Figure 1. Bonds Range Exploration Licence (EL28/2002) is located in north-western Tasmania.

1.2 Geology Overview:

The oldest rocks in the licence area belong to the Mesoproterozoic to Neoproterozoic Tyennan Metamorphics (Seymour *et.al.*, 2006) and possibly underlie much of Tasmania including the Dundas Trough. The Mt Read Volcanics (“MRV”) are a Cambrian belt of rocks that lie unconformably on top of the Tyennan Metamorphics. Owen Group sediments are Cambrian to Devonian in age and overlay the MRV in the west and north of the licence. Tertiary basalts and Quaternary sediments are mostly confined to the northern most licence block, where they crop out over the southern half of it. Refer to the Regional Geology Map in Figure 2.

1.2.1 Tyennan Metamorphics

The Meso-Neoproterozoic Tyennan Metamorphics are confined to the southern half of the southern most licence block. According to Bulletin 72 (Seymour *et.al.*, 2006), the Tyennan Metamorphics are a complex thrust stack of two units:

- A low-grade (up to greenschist facies) assemblage of metaquartzite and graphitic metapelite. Derived from an early Neoproterozoic sedimentary sequence broadly similar to the Rocky Cape Group of northwest Tasmania.
- A high-grade (up to eclogite facies) assemblage of garnetiferous schist-quartzite-(amphibolite) and mafic meta-igneous rocks. Recent dating favours a Mesoproterozoic age (Franklin Metamorphic Complex).

The Romulus East Prospect is located in the Tyennan Metamorphics.

1.2.2 The Mount Read Volcanics

The Mt Read Volcanics are a belt of volcanic, volcanoclastic and sedimentary rocks of Mid-Cambrian age. The belt is famous for hosting Tasmania's world-class polymetallic VHMS deposits (eg Rosebery, Hellyer, Que River).

Andesite Occurrence

The northernmost licence block is mapped as having an occurrence of andesite amongst Tyndall Group correlates. The andesite may indicate the presence of a new or equivalent cycle of volcanism to the Hellyer-Que River Volcanics. Or it may be of less significance belonging to the basal beds of the Tyndall Group.

Western Volcano-Sedimentary Sequence

A small area in the northernmost licence block is mapped as belonging to the Western Volcano-Sedimentary Sequence. This unit is coeval with the Central Volcanic Complex of the MRV though older than the Tyndall Group. It is described as including beds of lithicwacke turbidite, mudstone (commonly rich in shards), siltstone and shale. It also contains subordinate intrusive and volcanic rocks, which are commonly andesitic (Seymour *et.al.*, 2006).

Bonds Range Quartz Feldspar Biotite Porphyry

The Bonds Range Quartz-Feldspar-Biotite (+-Hornblende) Porphyry crops out over significant areas in each licence block. It is recorded as being complex showing variations in colour, grain size, degree of alteration and deformation, and phenocryst assemblage. At Ten Mile Creek it hosts a quartz-haematite stockwork (containing gold mineralisation). (Geol Rep 4)

Tyndall Group

The Tyndall Group is a unit of quartz-bearing volcanoclastic sandstone and conglomerate. Though also contains minor volcanic, intrusive and ignimbritic rocks of mixed felsic and andesitic provenance (Seymour *et.al.*, 2006).

1.2.3 The Owen Group

The Owen Group is Cambrian to Ordovician in age and sits unconformably on the Mt Read Volcanics. The unit typically includes large volumes of coarse siliclastic conglomerate composed dominantly of metaquartzite clasts derived from the Tyennan Metamorphics. It also includes turbidite and shallow marine sandstone units (Seymour *et.al.*, 2006). It is not likely to host any exhalative styles of mineralisation such as Taylor and Mathison (1990) report for the younger Gordon Group. However, it could potentially host mineralisation associated with intrusion of Late Devonian-Early Carboniferous granitoids.

1.2.4 Tertiary Basalts

Radiometric dates from basalts across Tasmania indicate an age range of between 16.4Ma and 64.5Ma (Everard *et al.*, 2004). At the licence these basalts cover a significant amount of the north most licence block. These basalts most likely sit on the Back Peak Beds and the Sticht Range Formation. These units host historical copper workings to the south of the current licence at Lake Dora and Mt Selina (Rust *et al.* 2005).

1.2.5 Quaternary Sediments

Pleistocene glacial deposits and Holocene alluvium cover a portion of the northern most licence block. These units sit on the Tertiary basalt and underlying units of the MRV (Rust *et al.* 2005).

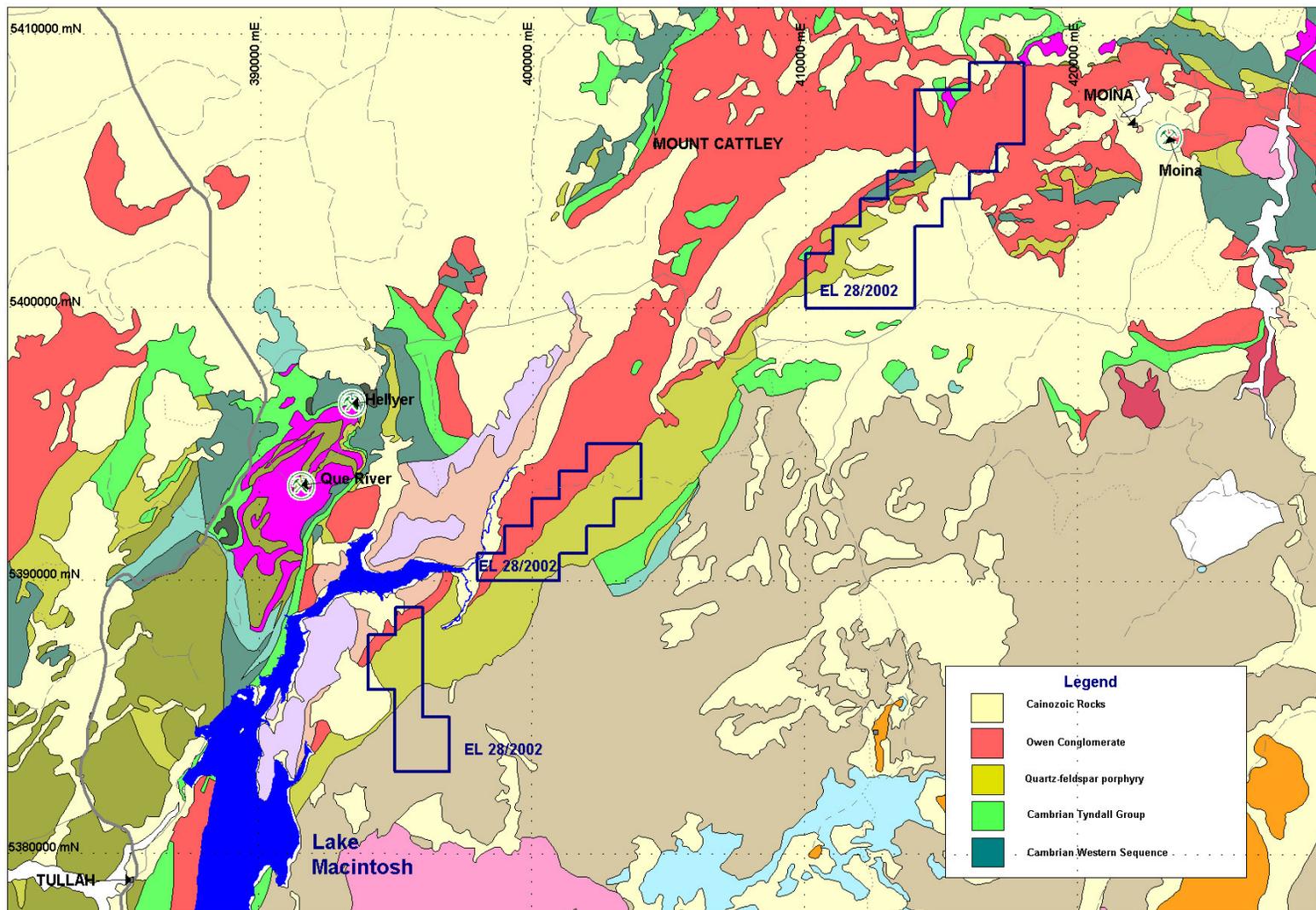


Figure 2. Regional Geology showing Licence Area boundaries, roads and towns.

1.3 Exploration Rationale:

EL28/2002 was acquired for two reasons. The first was to explore for polymetallic VHMS deposits similar to those in the adjacent Hellyer and Que River mineral field. The second was to explore for gold deposits of several possible genetic styles.

Northern Licence Block

The northernmost licence block offers the best prospectivity for VHMS deposits. This licence block has mapped occurrences of andesite, Western Volcanic Sequence and the younger Tyndall Group. Owen Group Conglomerates contain gold workings in the area and may be thin enough in places to enable testing of the MRV units beneath their cover. The Back Peak Beds and Sticht Range Formation are also prospective for VHMS deposits though Tertiary Basalt or Quaternary Sediment may be a barrier.

Southern Two Licence Blocks

The southern two licence blocks also contain several workings and prospects. These workings and prospects mostly test epigenetic (fault hosted) styles of gold mineralisation. The Cambrian Bonds Range QFBP hosts the Ten Mile Creek prospect where quartz-hematite veining extends over a 2-kilometre strike length. Samples collected from sericite wall rock alteration at some minor workings on the prospect produced 8.08ppm gold grades.

2. WORK COMPLETED

2.1 Historical Mining:

Historical work in the license area commenced in the mid 1890's with the discovery of an auriferous gossan, by prospector B.L.F.G. Thomas, near the northern end of the Bonds Range. Primarily searching for base metals, bismuth, tin and gold, a number of leases were taken up around this area, including a number of small scale mining ventures at Blacks, Golden Cliff, Mt Stormont and further south towards Speeler and Fleece Creeks. At the Blacks Mine trenches and a number of prospecting shafts and tunnels were excavated into pink quartzite and conglomerate with pyrite quartz veining. Limited small-scale alluvial mining was undertaken in the adjacent creeks. This field was worked up until the outbreak of World War One. Assay results for the field show a degree of variation, due in part to the presence of nuggety free gold. The Blacks Mine reported dump samples of between 5 to 14 dwt per ton, whilst Mr Hartwell Condor, in a 1903 visit to the area, reported a number of samples between 3 to 6 dwt per ton from dumps associated with small shafts and drives. There are a number of other historical workings in the area to the northeast including the Davenport gold workings (Rust, 2005).

2.2 Exploration Prior to Current Licence Area:

Modern exploration efforts in the Bonds Range region commenced in the mid 1960's (Figure 3). A summarized version of the history reported in the Bonds Range 2005 Annual Report (Rust, 2005) can be found below:

Date: 1965 - 1971

Company: Picklands Mather Company International

Exploration Philosophy: Focus on locating base metals (Cu, Zn, Pb), gold and osmiridium utilising geophysical methods, mapping and stream sediment sampling.

Work Completed: A total of 52 stream sediment samples were collected from the Lea River, Fall River, The Vale of Belvoir and the drainages into Lake Lea from the Black Bluff Range.

Results and Conclusions: Results were disappointing. No further work was recommended by Smith (1968).

Date: 1970 - 1989

Company: Aberfoyle Limited

Exploration Philosophy: Focus on locating base metal deposits (Cu, Zn, Pb).

Work Completed: In work relevant to Bonds Range; Aberfoyle undertook soil, rock chip and trench sampling for Cu, Pb, Zn and Ag in the Fleece Creek and Back Peak areas (Krummei, 1970). Joint Venture partners Geopeko Limited and Cypress Minerals Australia undertook geophysical (EM), geochemical (soil, stream sediment, rock chip) and diamond drilling programmes between 1979-1987.

Results and Conclusions: An anomalous rock chip from the Carter prospect returned 4.04%Pb, 2.3%Zn, 16g/t Ag and 0.08g/t Au. Results from the diamond drilling were disappointing. No further work was recommended by Jones (1986a&b).

Date: 1973 - 1974

Company: Tasminex

Exploration Philosophy: Focussed on a radiation anomaly in stream waters taken from a tributary flowing into the Lea River.

Work Completed: Technical reports could not be found.

Results and Conclusions: Technical reports could not be found.

Date: 1974 - 1978

Company: Cominco Exploration Pty Ltd & Paringa Mining and Exploration Company Pty Ltd in joint venture with Aberfoyle Limited.

Exploration Philosophy: Originally part of EL2/70 the area was relinquished then reacquired after the discovery of the Que River deposit.

Work Completed: A total of 97 stream sediment samples were collected.

Results and Conclusions: No significant results were reported (Rabone 1975).

Date: 1974 - 1983

Company: Geopeko Limited and Union Oil Development Corporation.

Exploration Philosophy: Focused on exploring for VHMS deposits early on. There was a shift in exploration focus to Sn-W and gold mineralisation towards the end of the licenses life.

Work Completed: Over 1,397 geochemical samples (soil, rock chip, stream sediment, panned concentrate) were collected from a number (est. 10) of independent geochemical programmes. A Dighem II survey flown in early 1980 identified seven target areas. Follow up percussion drilling could not penetrate a surface basalt unit. A diamond drill hole at Mariner 6 failed to locate any significant mineralisation.

Results and Conclusions: A series of targets and prospects named Mariner 1 to 7 and occasionally suffixed with A, B or C were located. Despite some interesting results the license was relinquished in late 1983 (Pemberton, 1983).

Date: 1978 - 1983

Company: Alcoa Australia and Shell Australia

Exploration Philosophy: Focussed on exploring for tin and tungsten mineralisation with VHMS deposits a secondary target.

Work Completed: Airborne magnetic surveys identified 24 targets. Geochemistry at the targets (stream, soil and rock-chip sampling) identified some weak Pb – Zn anomalism at Romulus West and Fury Flats. A separate stream sediment programme of 26 samples identified a tin, tungsten and gold anomaly along Ten Mile Creek. A peak gold concentration of 1.20g/t was recorded at 39935E and 5391550N. At Romulous East 7 rock chip samples from a quartz veined gossan returned peak values of 14.2% As, 2.6% Pb and 2.3g/t gold. A total of 59 stream sediment samples were collected in the same area. One sample returned a peak value of 2.80g/t gold from Backwater Creek (5387700N and 395500E).

Results and Conclusions: Results were generally disappointing and the licence was relinquished (Porter, 1976).

Date: 1980- 1983

Company: Aberfoyle Ltd, Geopeko Ltd and Paring Mining and Exploration Company Pty Ltd.

Exploration Philosophy: Focussed on exploring for tin, tungsten and base metal VHMS deposits.

Work Completed: An airborne electromagnetic survey with follow-up soil and selected rock chip sampling.

Results and Conclusions: Results were generally disappointing and the licence was relinquished (Heithersay 1982, Pemberton and Sumpton 1984).

Date: 1984- 1990

Company: Renison Goldfields Consolidated Pty Ltd.

Exploration Philosophy: Focussed on exploring for gold and base metal VHMS deposits.

Work Completed: A stream sediment sampling programme collected 122 samples from the Devonport Mine, Deep Creek along the Kauri Fault and the Mariner 4 and 6 areas. An assortment of geochemistry was conducted in the following areas; Mariner 4, 5, 6 and 7, Devonport Creek and its main western tributary, Devonport Mine, Iris River and Deep Creek. The programmes included; break of slope samples, rock chip samples, rock samples for petrology, soil sampling and channel sampling. A drilling programme of 21 short (<50m) diamond drill holes (SD001-SD021) was undertaken in the Stormont (Bi-Au) Mine and Fletchers Adit area during 1989-1990. Some grades up to 13 g/t Au were reported. This area lies to the east of the current Bonds Range licence.

Results and Conclusions: Following a review of all of the work completed the licence was relinquished (Castro and Fleming, 1990).

Date: 1984- 1992

Company: CRA Exploration Pty Ltd

Exploration Philosophy: Focused on exploring for gold deposits.

Work Completed: Rock chip sampling at Romulus East (24 samples) and Ten Mile Creek (15 samples). Two peak vales of 1.04g/t and 8.08 g/t gold were returned from the sericitised porphyry at Ten Mile Creek. At Ten Mile Creek 27 bedrock samples were taken along a line (5391000N and 400000E). An additional 9 rock-chip and 2 stream sediment samples were also collected. Anomalous gold concentrations were recorded in samples taken from Hematitic stock-work samples.

Between 1988-1989 Aberfoyle entered into a Joint Venture with CRA. Work concentrated on Ten Mile Creek – with a programme of gridding, mapping and geochemical sampling. A total of 322 C-horizon soil samples were taken from the 2 kilometre long hemitic stock work zone. A number of anomalous results were identified and typically found to be associated with the hematitic stock work. A total of 45 rock-chip samples were collected. A stream sediment sampling programme to the northeast tried to locate extensions to the deposit.

Following departure of Aberfoyle from the joint venture a diamond drilling programme was undertaken at Ten Mile Creek in February 1992. Four holes (TMC1-4) utilizing a man portable drill rig were completed for a total of 153.7 metres. TMC2 returned a peak value of 3 metres at 0.11g/t gold. TMC3 returned values up to 0.12g/t gold. TMC4 returned the best result of 1 metre at 0.52g/t gold near the bottom of the hole between 48-49 metres. The hole was terminated as it entered a zone of intense stockwork and veining.

Results and Conclusions: Following a review of all of the work completed the licence was relinquished (Newnham, 1992).

Date: 1987- 1988

Company: Billiton Australia and Shell Company of Australia

Exploration Philosophy: Focussed on exploring for gold and base metal VHMS mineralisation at Mariner 1 and 2 prospects.

Work Completed: A field programme comprising limited stream sampling, C-horizon soils, mapping and rock-chip sampling was conducted during the tenure period. A total of 158 soil samples were taken from the Mariner 2 area. A southeast trending ellipsoidal gold anomaly was located in the vicinity of 401500E and 5401200N with a peak value of 0.29ppm Au. Ten sites in the Fall and Iris River catchments were sampled and analysed using BLEG. Ten rock chip samples were also collected. Results were weakly anomalous (Randell, 1988a).

Results and Conclusions: Following a review of all of the work completed the licence was relinquished (Randell, 1988a).

Date: 1987- 1989

Company: Aberfoyle Ltd and CRA Exploration Pty Ltd under the Mount Read Volcanics Joint Venture.

Exploration Philosophy: Focussed on exploring for gold and base metal VHMS mineralisation.

Work Completed: In the area North of Ten Mile Creek 50 C-horizon soil samples were collected. Three moderately anomalous samples were reported. A peak grade of 0.152 Au was reported from 5392220N and 401390E though could not be explained by the presence of veining or alteration. A handful of rock chip and stream sediment / BLEG samples were collected though all reported disappointing results.

Results and Conclusions: Following a review of all of the work completed the licence was relinquished (Henham, 1989c).

Date: 1987- 1989

Company: Billiton and Shell Company of Australia.

Exploration Philosophy: Focussed on exploring for base metal VHMS deposits.

Work Completed: Work comprised conducting broad spaced mapping and stream sediment sampling. A total of 20 BLEG and ~80# duplicate stream samples were collected. One sample returned a value of 0.14 g/t in a North draining Creek near Back Peak (405840E and 5393100N). Exploration also involved ground truthing of Speeler Creek, Carters and Heap of Rocks prospects. At Carters and Heap of Rocks Prospect a total of 30 soil samples were collected to confirm previously identified anomalism. At the Speeler Creek Prospect a previously identified polymetallic anomaly (2200ppm Pb, 820ppm Zn and 0.25-0.35ppm Au) associated with a weak EM37 anomaly was targeted for drilling. Diamond drill hole BPD88-1 (166m @-50/132mag) was completed in December 1998.

Results and Conclusions: Results were uniformly discouraging and the licence was relinquished (Randell 1988b, 1989).

Date: 1987- 1998

Company: Aberfoyle Ltd.

Exploration Philosophy: Focussed on exploring for base metal VHMS deposits.

Work Completed: Work comprised regional mapping and 2 diamond drill holes in 1988. Diamond drill hole MAC16 (367.4m) on the Fury Flats was drilled into the Central Volcanic Complex of the Mount Read Volcanics because of the presence of wall rock alteration typically associated with VHMS deposits. MAC20 (397.5m) on the Macintosh Creek aimed to test for mafic volcanic units beneath Tertiary basalt cover.

Results and Conclusions: No significant results were returned (McNeill 1989).

Date: 1994- 1997

Company: Rio Tinto Exploration Pty Ltd.

Exploration Philosophy: Focussed on exploring for sediment hosted, low sulphide, Carlin style gold deposits.

Work Completed: A geochemical programme (~80# soil, stream sediment and panned concentrate sampling) was conducted over the Ordovician Gordan Limestone and Moina Sandstone during 1997. Caverners Creek and Mayday gold workings were rock-chipped (49 samples) and soil sampled (12 samples).

Results and Conclusions: The results were not encouraging (Menples 1996, Russell 1998).

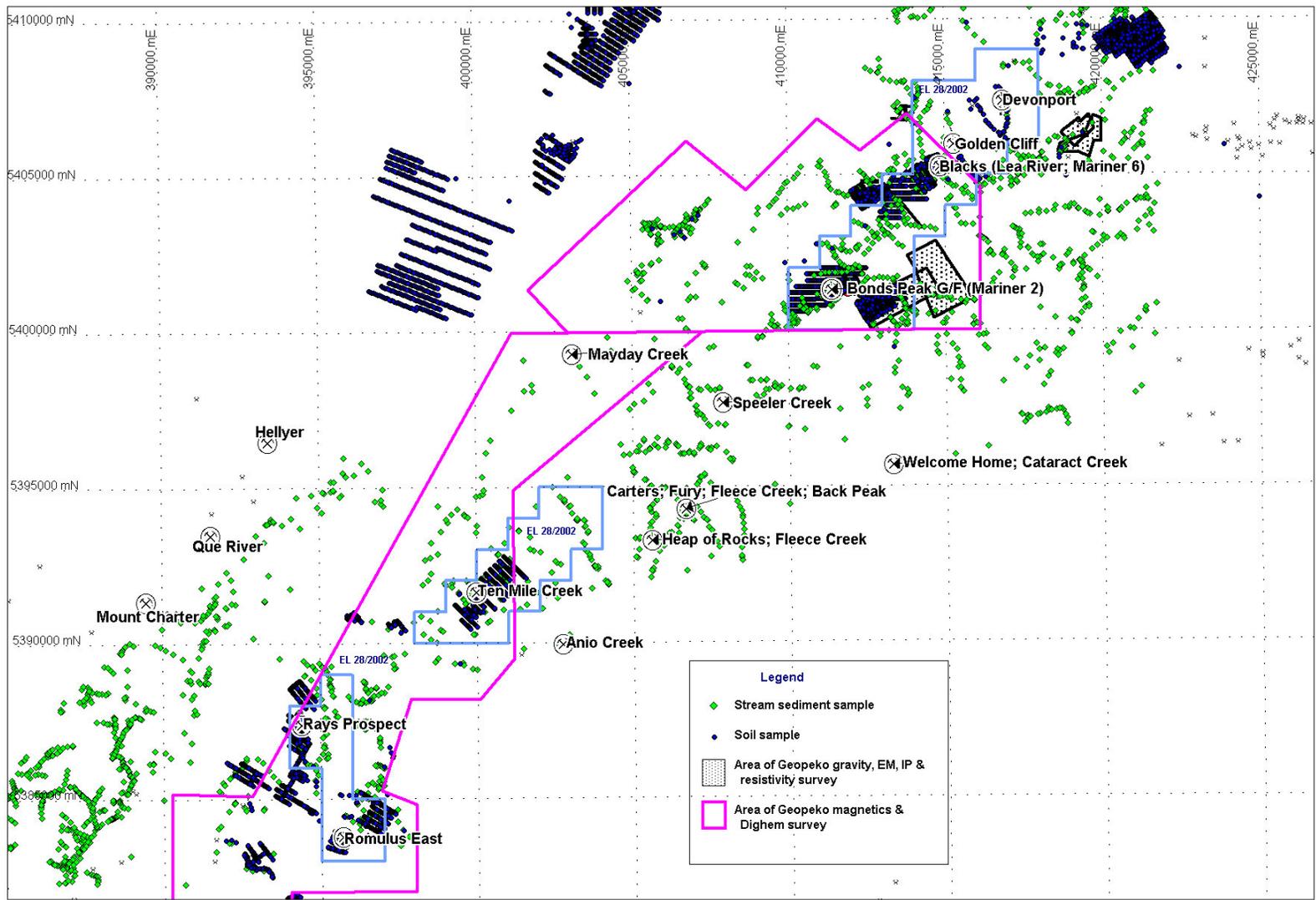


Figure 3. Historical Exploration Activity Map showing old workings and prospects.

2.3 During Current Licence Area Pre 31st January 2005:

- Literature reviews of historical exploration data, technical and annual reports.
- Compilation of historical data available from open file sources.
- Adamus conducted gridding and soil sampling over selected targets.

3. EXPLORATION COMPLETED 31 JANUARY 05 TO 30 JANUARY 06

The below section reports on exploration conducted between 31 January 2005 and the 30 January 2006. Between execution of the Farm in & Joint Venture Agreement with Adamus Resources on the 27 April 2005 and October 2005 Bass actively sought any datasets of potential value for targeting VHMS and standalone gold deposits. The MRT topographic, geophysical and 1:100,000 scale digital geological map series were used as base maps for presenting other historical company datasets. Various company datasets including the Geopeko aeromagnetics, Goldfields 'Geological Fact Map' and multiple geochemical surveys were captured in the MapInfo database.

Notwithstanding the significant GIS database that had been compiled at this time, Bass decided to investigate the use of remote sensing in mapping alteration at the licence. Bass had several meetings with Mike Hussey at the CSIRO where it was established that HyMap data was likely to provide the best data source for mapping alteration at the licence. However, after viewing some draft images supplied by Mike Hussey it was decided that vegetation at the licence negatively affected the quality of the data and the data was not purchased.

TERRA Satellite (ASTER Data)

Still interested in the idea of using a remote sensing system to map wall rock alteration on a more regional basis, Bass managed to source some ASTER data over the northwest corner of Tasmania. It was decided that the data would be used in a more regional sense than had originally been anticipated.

ASTER is an acronym for 'Advanced Spaceborne Thermal Emission and Reflection Radiometer' and it is an instrument that flies on the Terra Satellite. It collects a similar radiation spectrum to the HyMap instrument but at a lower resolution (4x4m pixels versus 30x30m pixels). Bass had this ASTER data forwarded to Bob Agars at AGARSS.

Bass realised that because of the lower resolution of the ASTER data and the issue of vegetation shielding radiation reflected from the ground surface that the data would be more useful for targeting 'active zones' rather than providing the bullseye targets that had originally been hoped for from the HyMap data.

Areas that were considered to have anomalous alteration types have been marked using a turquoise green ellipse outlining their extent (Figure 4). The area at the northern end of the Bonds Range licence is described as having NW-orientated FeOx (jarosite, goethite, haematite) and silica zones with argillic, minor advanced argillic (alunite) and phyllic (sericite) alteration in contact with propylitic (chlorite) and carbonate (dolomite) alteration. Appendix 2 contains digital ASTER data in ESRI (GIS) Shapefile format.

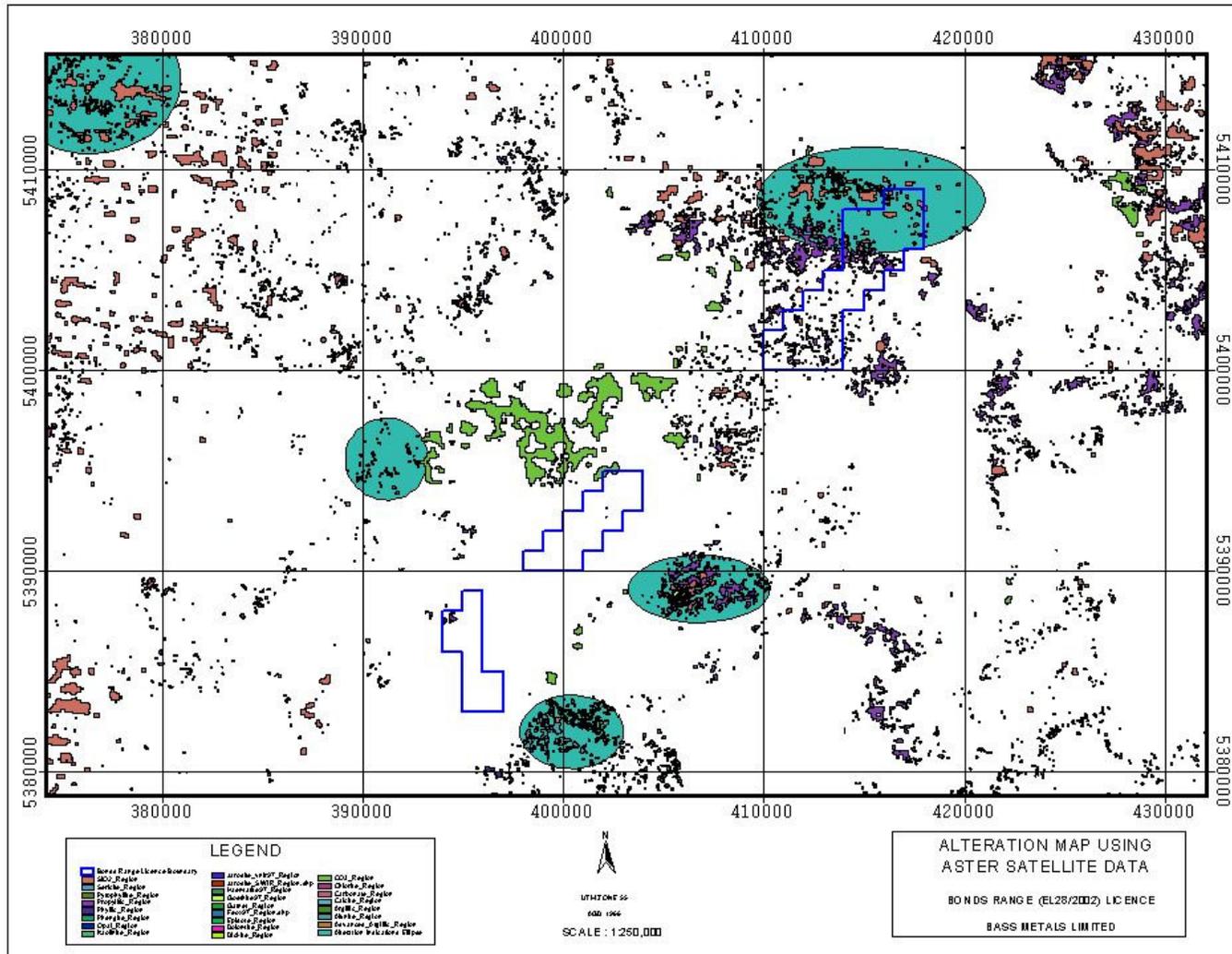


Figure 4. Alteration Map based on processing of ASTER satellite data.

Planning for Geochemical Programme

With the MapInfo database compiled a preliminary soil geochemical programme was planned and reconnaissance visits were made to Placer Domes' Henty Gold Mine and the Bonds Range licence.

At the Henty Gold Mine Chief Geologist Simon Pollard gave a briefing on the regional and local geology and took the group on an underground tour. The briefing gave a good insight into the scale of wall rock alteration and the nature of its zonation at the Henty Gold Mine. Simon Pollard provided an opinion that the best pathfinder elements for a Henty Style deposit are Au in combination with Ag, Bi, Cu and Pb.

A reconnaissance visit was made to the licence to investigate the suitability of a soil geochemical programme in the planned areas and to plan the logistics of the programme. It was determined that a successful soil geochemical program would require the following;

- A quad bike would be required to gain access to the general area and transport samples back to the main four-wheel drive vehicle.
- Grid lines would need to be cut to enable access through the thick vegetation.
- A hand drill auger will need to be used to drill through vegetation and humic topsoil.

An 'Exploration Proposal' was submitted to the MRT in November (Figure 5). Following this tenders were requested from two contract cutting and sampling crews.

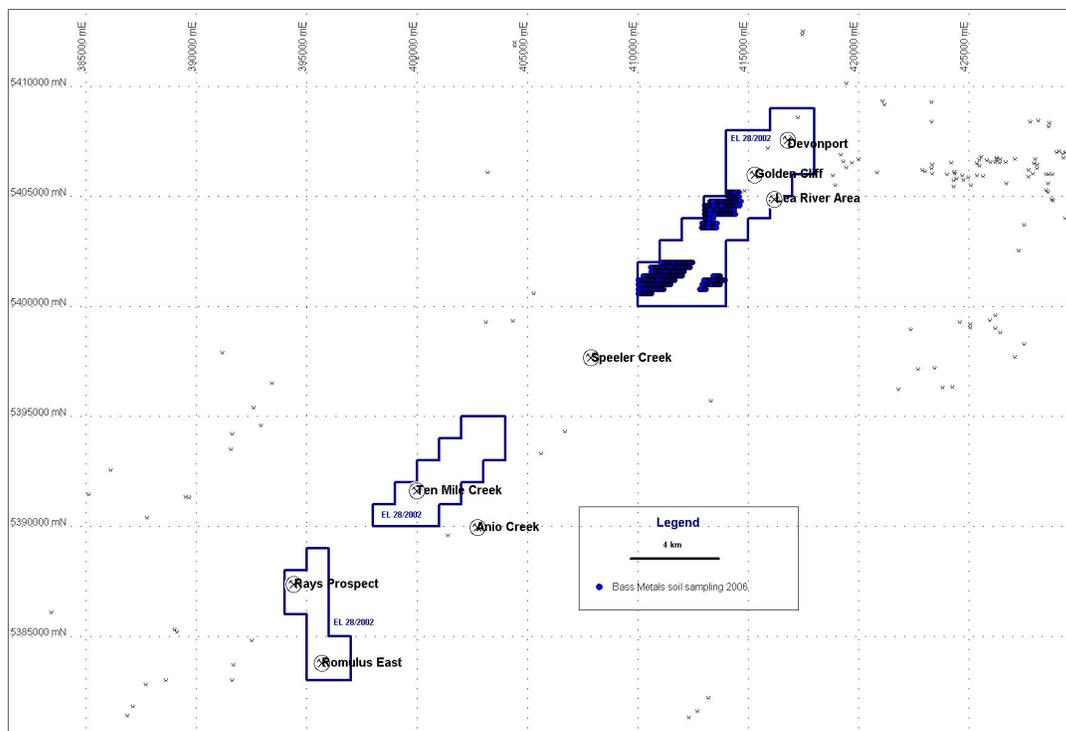


Figure 5. Proposed soil sample locations.

4. PROPOSED EXPLORATION

Proposed exploration over the next year includes; a soil geochemical programme that could lead to drill testing; as well as, a Geoinformatics driven geological modeling and targeting programme.

Bass intends to conduct a soil geochemical programme over the next six month period. The proposal was submitted to the MRT in November 2005. Approval was granted in January 2006. The programme did not start before the end of the year though should be completed over the next six months. Should a soil anomaly be located then infill soil sampling, geophysical surveying and drill testing may be undertaken.

Bass metals also plans to use consultant geologists Geoinformatics to compile a 3-dimensional spatial database (GIS). The Geoinformatics process uses an office in India to efficiently compile large amounts of historical data into proprietary database and software systems (such as IFS and FracSIS). These databases enable 3-dimensional geological models to be generated. Using additional proprietary software Geoinformatics then undertakes a targeting and ranking procedure that provides the explorer with ranked targets (Monte Carlo).

Refer to the 'Six-Month Progress Report for EL28/2002' in Appendix 1 for results from the above programmes. Further, refer to the 'Proposed Exploration' section for the most recent details on exploration planned for the six -month period 31 July 2006 to 30 January 2007.

5. ENVIRONMENT

The company has environmental policies in place that minimise the impact that exploration activities have on the environment. The policies include guidelines on how to reduce the risk of spreading plant diseases and weeds as a result of day-to-day exploration tasks.

The attached Environmental Activity Map in Figure 6 shows the location of the licence relative to conservation areas. No work has been conducted at the Bonds Range licence at this point in time.

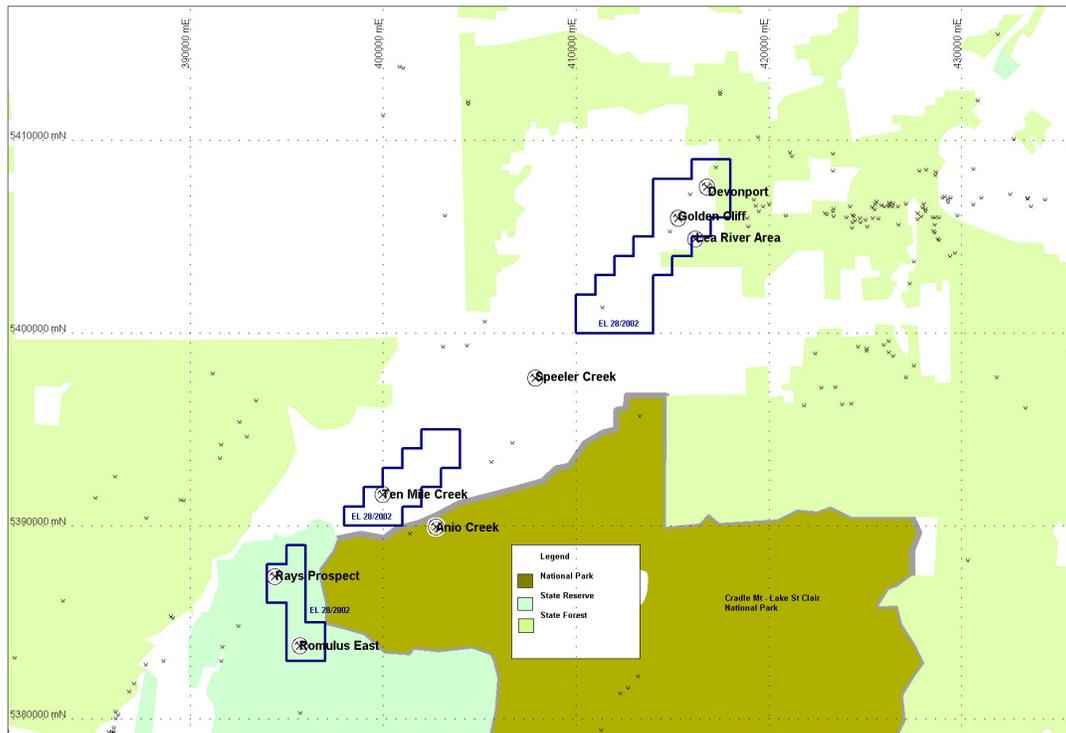


Figure 6. Environmental Activity Map

6. EXPENDITURE

Quarter Ending	Mar-05	Jun-05	Sep-05	Dec-05	Eligible Totals
Administration	800.00		809.33	376.41	1,985.74
Geology-Personnel & Overheads.	7,996.00	1,613.93	7,284.00	3,387.68	20,281.61
Gridding					
Geochemistry					
Geophysics					
Drilling					
Feasibility Studies					
Rehabilitation					
Other -					
Total - Eligible	8,796.00	1,613.93	8,093.33	3,764.09	22,267.35
Cumulative Total	33,921.00	35,534.93	43,628.26	47,392.35	

Table 1. Expenditure 1 January 2005 to 31 December 2005.

Expenditure, for the twelve months 1 January 2005 to 31 December 2005, has primarily been taken up with collation and processing of existing available data.

Site visits to assess the licence area have also been carried out to better evaluate access options for ground-based exploration activities. A mine visit was conducted to the Henty Gold Mine, located 4km west of the licence area to provide an insight into the alteration assemblages associated with gold mineralisation in the region.

Late in 2005 it became apparent that the minimum expenditure commitment for year 3 was not going to be met. On the 5 December the licensee requested Mineral Resources Tasmania grant a deferral of expenditure for six months, which was granted from the 31 January 2006 to the 31 July 2006.

Cumulative total expenditure as of 31 December 2005 was \$47,392.35 while cumulative total expenditure at the end of the six month extension period, 31 July 2006, was \$177,000.33.

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APPENDIX 1

APPENDIX 2