

**BONDS RANGE PROJECT
TASMANIA
EL28/2002**

**ANNUAL REPORT FOR PERIOD
31ST JANUARY 2006 TO 30TH JANUARY 2007**

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Mineral Resources Tasmania
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Note: All coordinates are according to the AGD66 Datum and AMG66 Grid System.

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ABSTRACT

The following is an Annual Report on exploration activities at Exploration Licence 28/2002, Bonds Range, for the period 31 January 2006 to 30 January 2007.

Activities during the reporting period include;

- Validation and review of existing data before capturing it in proprietary Geoinformatics database systems (e.g. FracSIS) and carrying out three dimensional modelling of the data. Followed by target generation and ranking of targets using further proprietary software and systems (e.g. Monte Carlo).
- Conducting a soil geochemical programme based on ASTER satellite data and historical exploration datasets.
- Field visits to sites with anomalous surface sample results.
- Compilation and interpretation of soil geochemical data to design a preliminary 2 hole diamond drill programme.

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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 2006 to 30 January 2007. The licence 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 Resources Ltd and Bass Metals Ltd 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).

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 license 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.

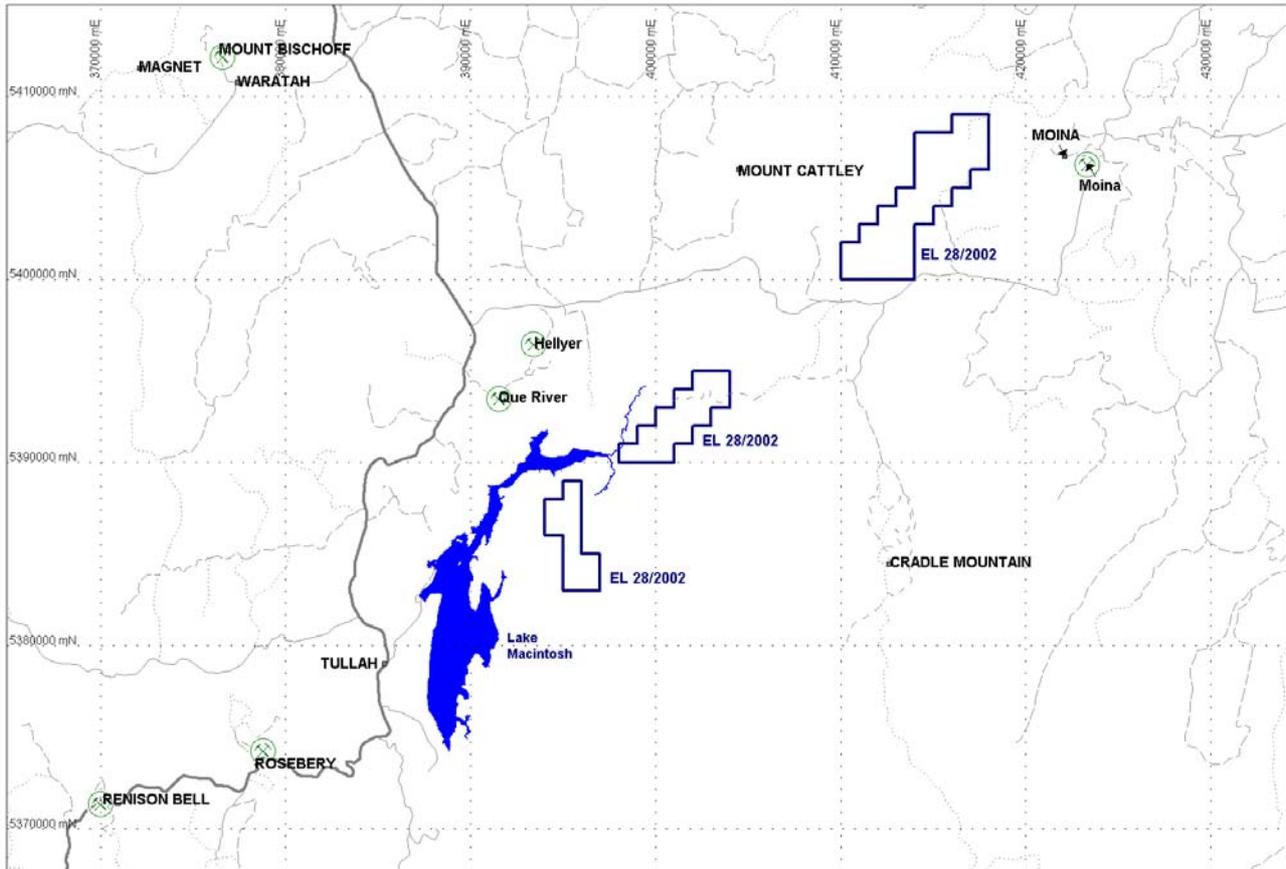


Figure 1. Bonds Range Tenement (EL28/2002) located in NW Tasmania.

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 license 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 license 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 above Tyndall Group. It is described as including beds of lithicwacke turbidite, mudstone, 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 (Geol Rep 4). It hosts a quartz-hematite stockwork (containing gold mineralisation) at Ten Mile Creek.

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, but 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 host mineralisation associated with 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 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 license block. These units sit on the Tertiary basalt and underlying units of the MRV (Rust *et al.*2005).

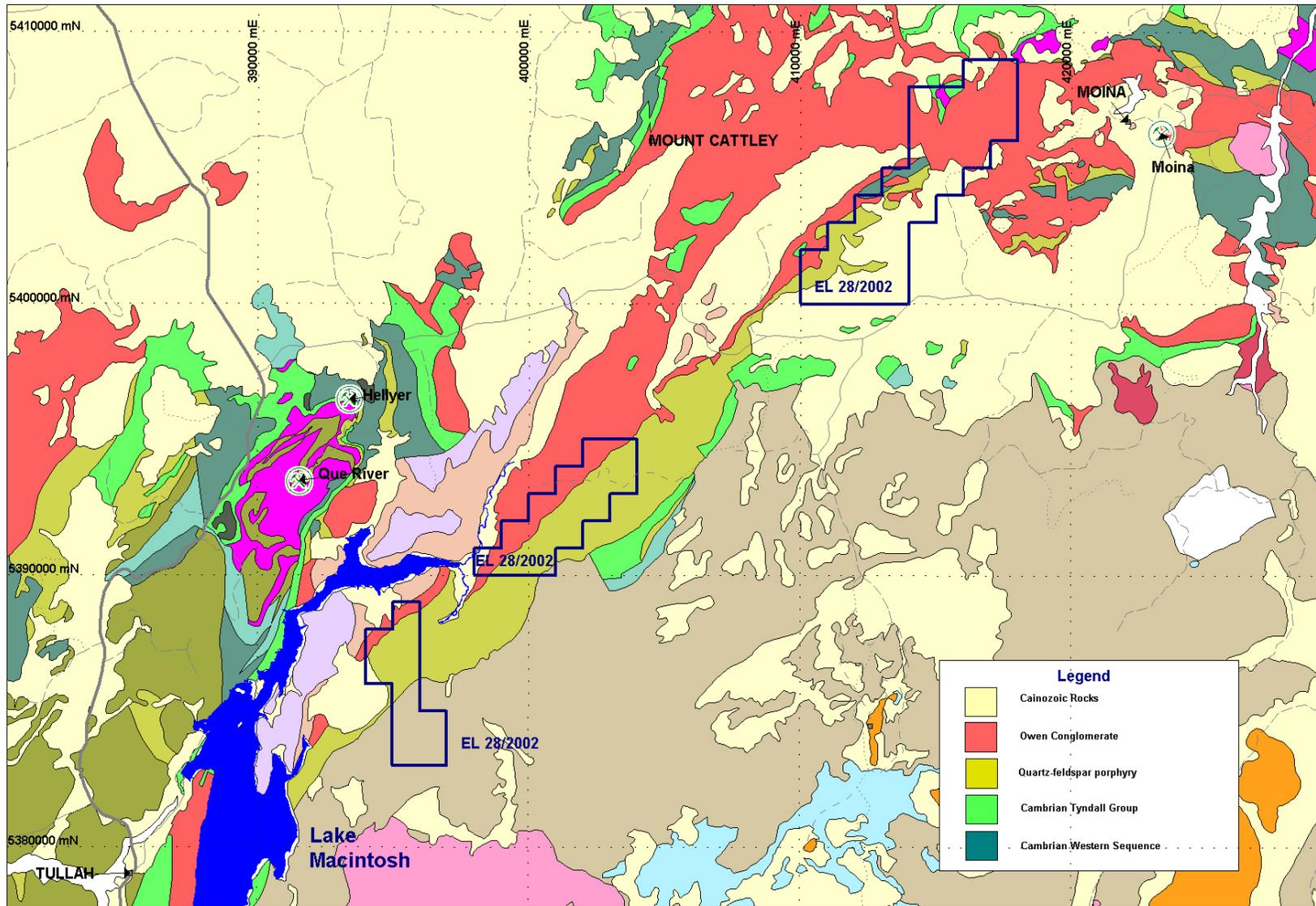


Figure 2. Regional Geology showing Licence Area boundaries, roads and towns.

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 Stitch Range Formation are less prospective for VHMS deposits though in areas of little or no Tertiary Basalt or Quaternary Sediment cover are worth exploring.

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 base metal and 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 chlorite and sericite wall rock alteration at minor workings at the prospect produced gold grades as high as 8.08ppm.

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. A summarized version of the history reported in the Bonds Range 2005 Annual Report 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: 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 and 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: Focused on a radiation anomaly in stream waters taken from a tributary flowing into the Lea River.

Work Completed: 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 license 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: Focused 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: Focused 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: Focused 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 values 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 and 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 2km long hematitic stockwork 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 was completed for a total of 153.7m. TMC2 returned a peak value of 3m at 0.11g/t gold. TMC3 returned values up to 0.12g/t gold. TMC4 returned the best result of 1m at 0.52g/t gold near the bottom of the hole between 48-49m. 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: Focused 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: Focused 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: Focused 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: Focused 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: Focused 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).

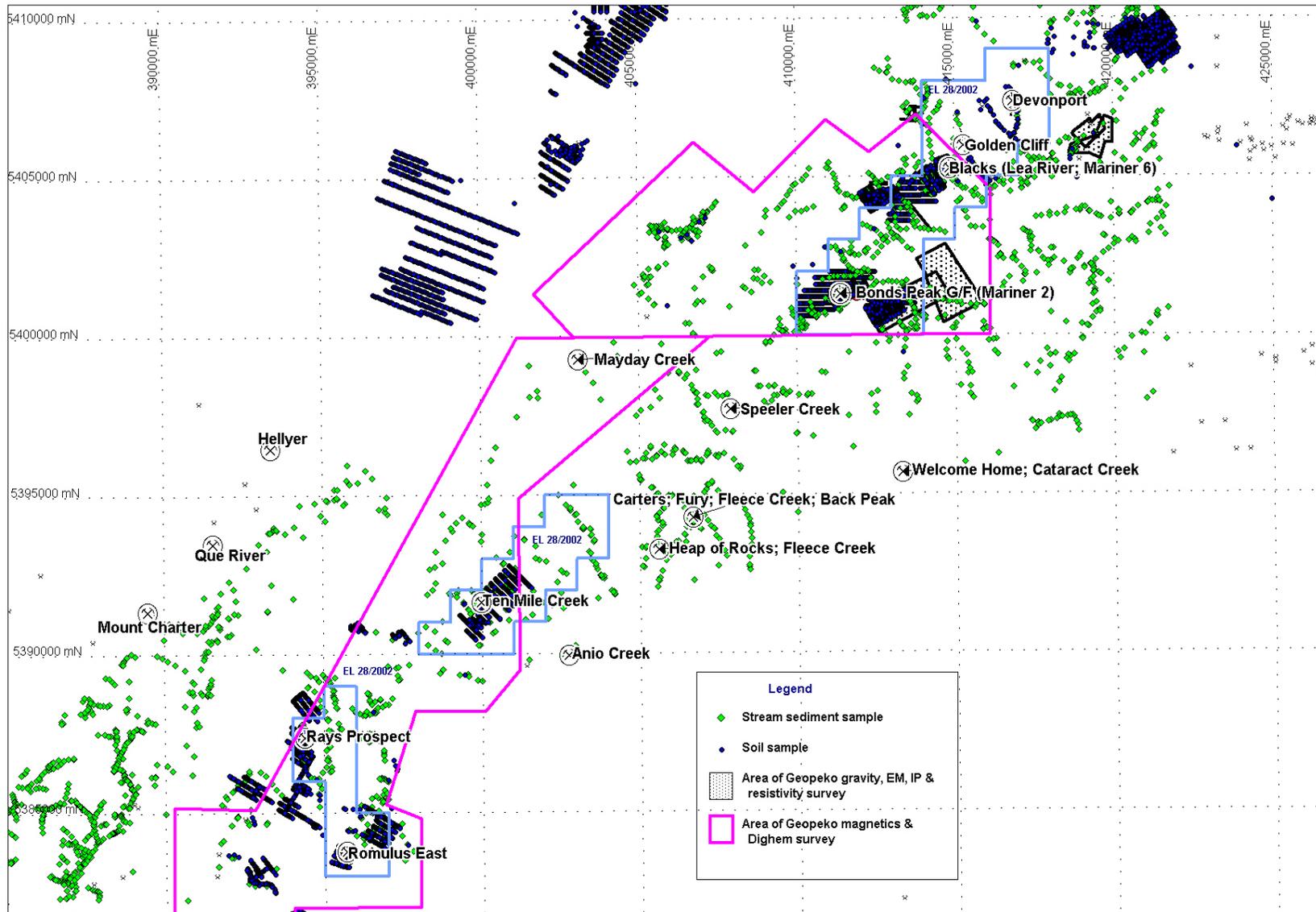


Figure 3. Historical Exploration Activity Map, showing old workings and prospects.

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 06 TO 30 JANUARY 07

The below section reports on exploration conducted between the 31 January and the 30 January 2007. The work conducted during this period included; (1) a soil geochemical programme; and, (2) the compilation of data into a proprietary Geoinformatics database before three-dimensional modelling of the data and target generation was carried out.

Geochemical Programme

An 'exploration proposal' to conduct a soil sampling programme at Bonds Range was submitted to the MRT in November 2005. The main areas that were selected for soil sampling were overlapping the Mariner 1-3 prospects and testing the Mariner 6 prospect (Geopeko first identified these prospects between 1974-83). Approval was granted by the MRT in January 2006. Due to some hold-ups at the Kentish Council the programme was not commenced until April 2006. The last samples had been collected by the end of July 2006.

Access to the sample sites involved the cutting of pedestrian access lines at 200m spacing. A hand auger was then used to drill to blade refusal at 50m intervals for a total of 463 samples.

Samples were dispatched to Genalysis Laboratory Services Pty Ltd in WA for Au, Ag, As, Bi, Cu, Mo, Pb, Sb, Ti and Zn assay. Copper and Zinc were analysed using Atomic Absorption Spectrometry (AAS) with all other elements analysed using Inductively Coupled Plasma – Mass Spectrometry (ICP-MS).

A total of 505 samples were submitted for assay. This included 463 field samples and a further 42 check samples that were submitted for quality control purposes.

Results

Analysis of the geochemical results identified one main anomaly and two areas with elevated metal content in the Bonds Range programme (Appendix 1). These anomalies are described below;

- The main area of anomalism is in the vicinity of the Mariner 1 prospect. Lead grades are typically above 75ppm, zinc typically greater than 70ppm and silver is elevated. Significantly, one sample reports a lead result of 4,468ppm with 144ppm Zn, 30ppb Au, 1.55ppm Ag and 301ppm As plus significantly elevated antimony and thallium. Historical stream sediment samples down slope and soil samples to the west are also highly anomalous for lead and zinc and support the anomalism. Additional sampling may be required to close the anomaly off to the south.
- The Mariner 2 prospect (Bonds Peak Prospect) returned elevated copper and zinc across the northeast corner of the sampled area. Some elevated lead and silver results (peak 626ppm Pb and 0.24ppm Ag) occur in the south-east of the grid adjacent to the Mariner 1 lead/zinc anomalism. Additional sampling may be required to close this anomaly to the south-east.
- The grid adjacent to the Mariner 6 prospect returned elevated copper, lead, zinc, silver and gold. The most strongly metal endowed sample in the area contained 95ppm Cu, 291ppm Pb, 189ppm Zn and 0.13ppm Ag.

All three areas show elevated base metals consistent with both Cambrian VHMS-style and Devonian granite-related mineralisation.

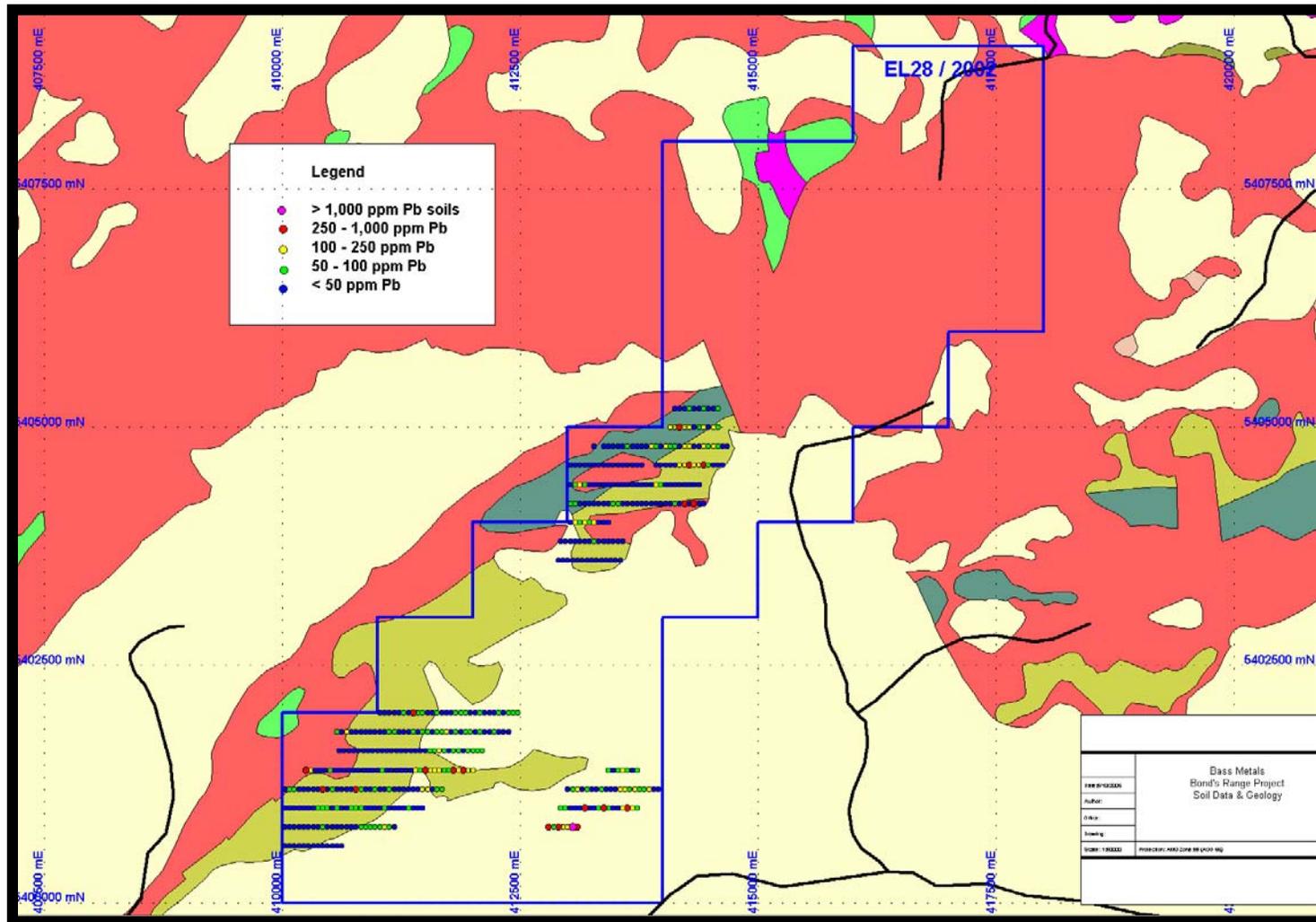


Figure 4. Lead anomaly (4,468ppm peak) in the southern most line of the south-eastern sample area.

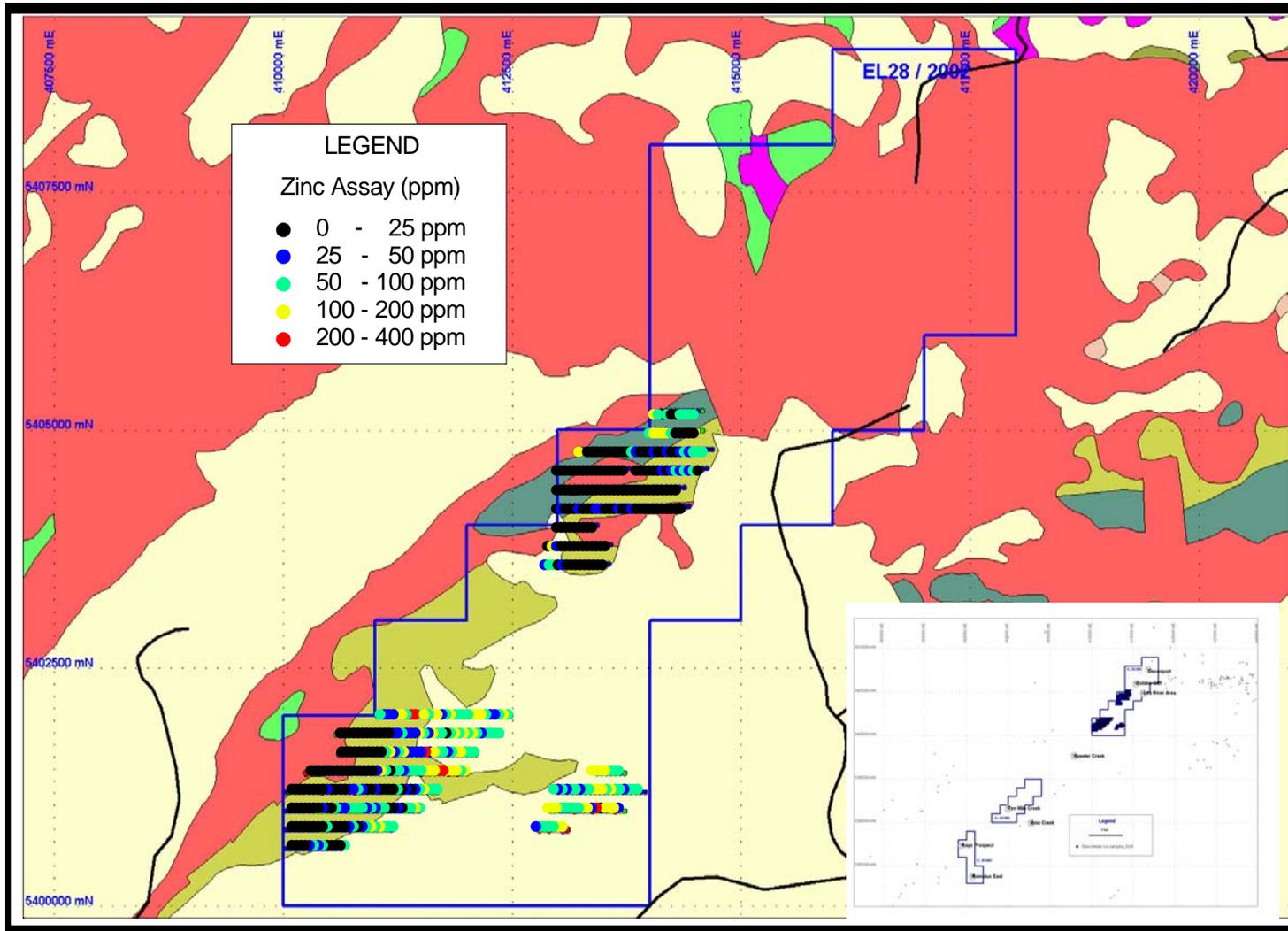


Figure 5. Zinc anomaly (between 100-200ppm) in the southern most line of the south-eastern sample area.

Geoinformatics Geological Modelling & Targeting

The Geoinformatics process involves the efficient capture of historical data in proprietary Geoinformatics database and software systems (eg IFS & FracSIS). Proprietary software and methods are then used to generate 3-dimensional geological models and targets (Monte Carlo Ranking). The Bonds Range work is part of a larger 'Intervention Project' called the MRVIP (Mount Read Volcanics Intervention Project - Stage 1b). The Stage -1b Project focuses on all of Bass Metals 13 regional licences. A final Stage-2 Project focused on regional target generation without consideration of licence boundaries though is not reported on here.

The Stage 1b Project attempts to incorporate Geoinformatics understanding of the three dimensional controls on world class VHMS mineralization to rapidly provide Bass with high-quality targets in the Bonds Range licence for rapid drill testing and other areas for follow-up field work including soil type geochemistry. Models were also developed for the targeting of intrusive related tin systems (e.g. Renison and Mt Bischoff) and intrusive related nickel skarn systems (e.g. Avebury). Targets were identified and ranked according to probabilistic Monte Carlo analysis of best-available 2D and 3D geoscientific data and allowed an assessment of exploration risk and uncertainty.

Much of the data for the project was obtained from open file reports. A data audit of 1,300 reports was completed by Dan Core, Graeme Cameron, Neville Panizza and Helen Ly. Work on the Stage 1b Project commenced in early February 2006 and was largely complete by July 2006. A target workshop with alliance personnel was held at Hellyer in July 2006 and final targets were delivered in August 2006.

At Bonds Range Geoinformatics generated a total of seven VHMS style targets. All targets were at the northern end of the northern most licence block with the exception of one. They included two Mt Lyell style VHMS targets and two Hellyer-Rosebery style VHMS targets. A further two Hellyer-Rosebery style VHMS targets were located east of the licence. The one target not found at the northern end was located on the south-western corner of the central licence block (Figure 6).

Refer to Appendix 3 for a summary Geoinformatics report.

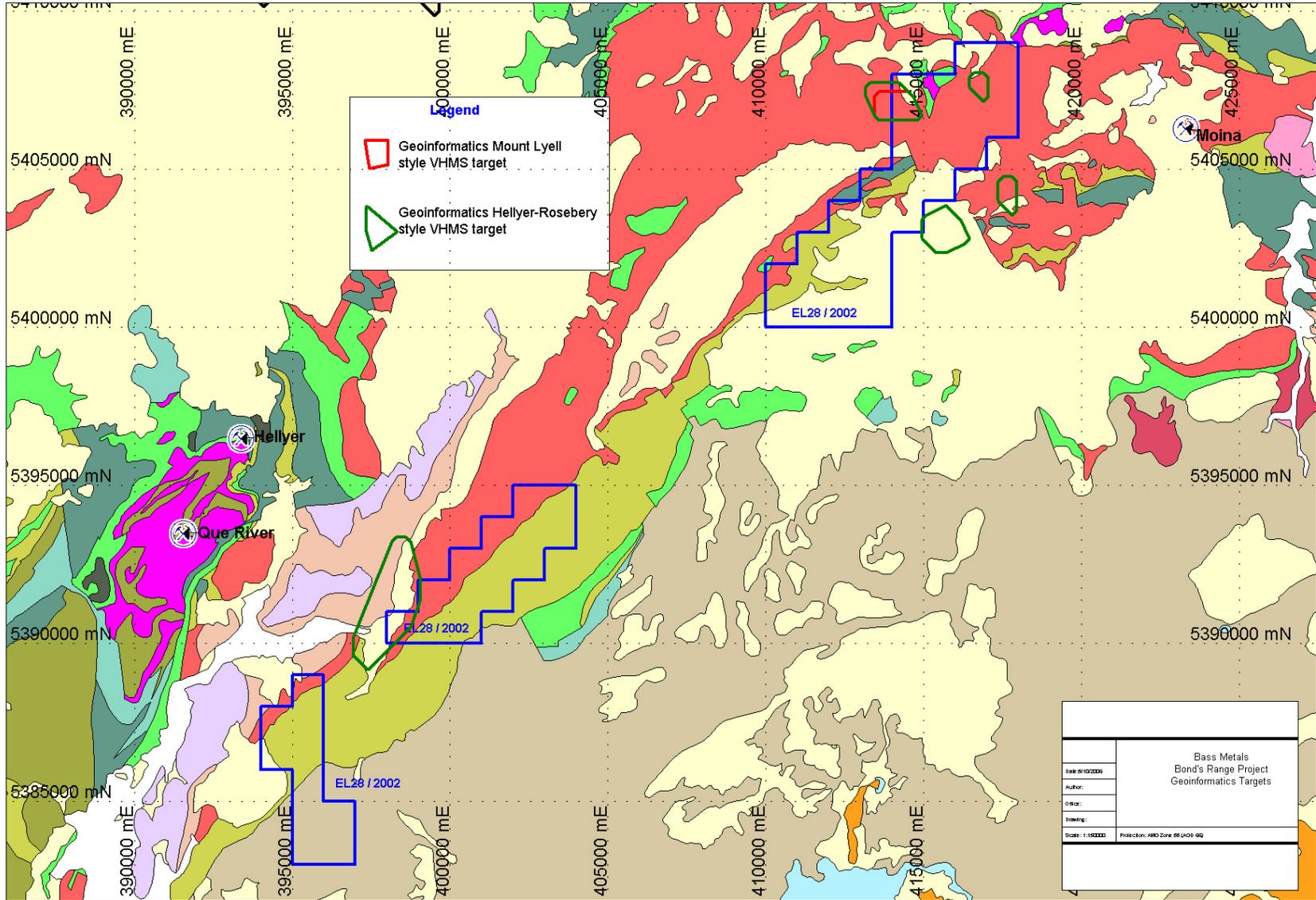


Figure 6. Bonds Range Geoinformatics VHMS targets.

4. PROPOSED WORK PROGRAMME

Future proposed work involves drill testing the coincident Pb-Zn soil anomaly in the region of the Mariner 1 soil grid and geophysical anomaly on the northern Bonds Range licence. Currently two 150m deep diamond holes are planned into the anomaly.

Budget

Drilling (400m @ \$200/m including staff, assay costs etc)	\$80,000
Drill site access and preparation	\$2,000
Geological mapping and rock chip sampling incl. vehicle hire	\$3,000
Total	\$85,000

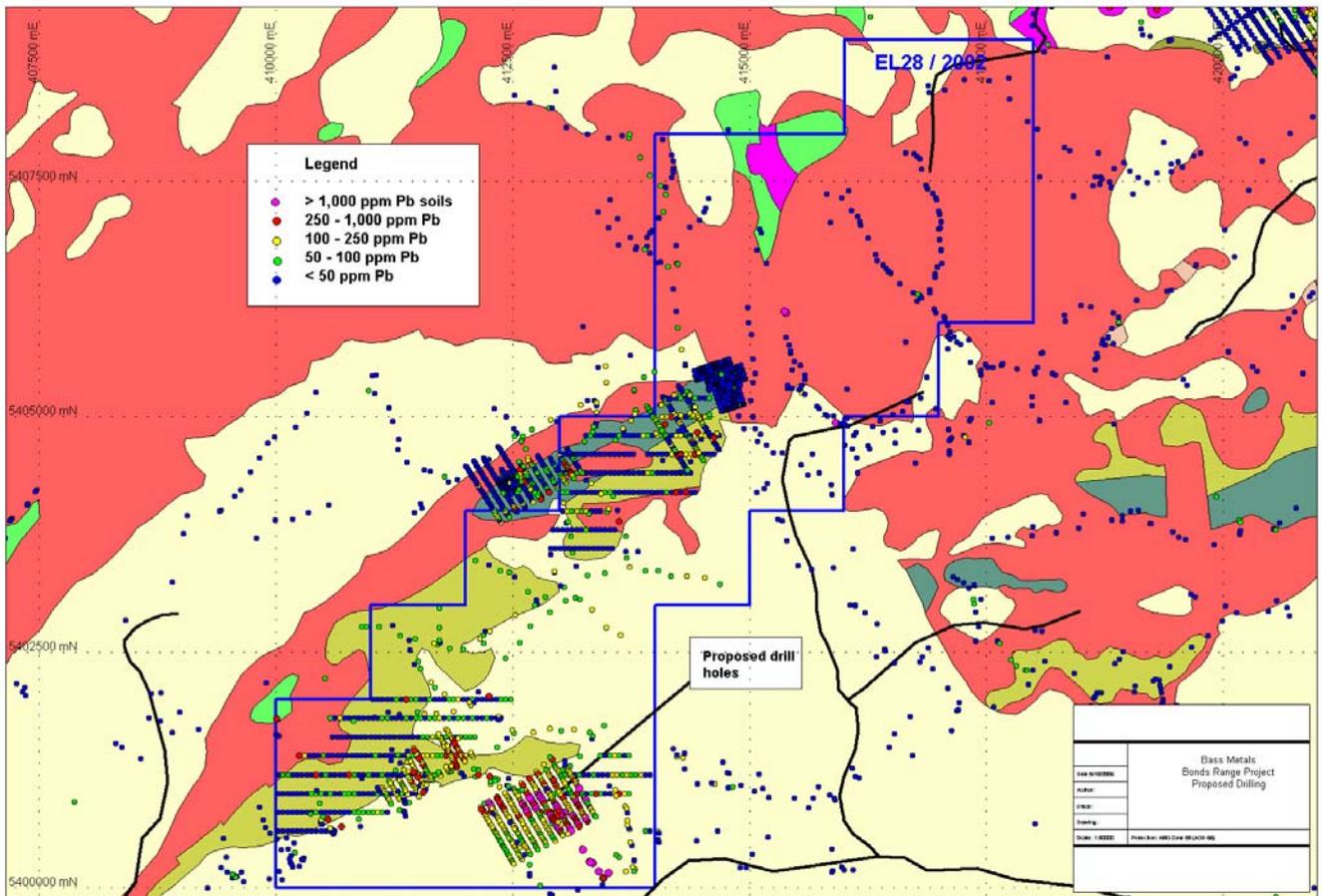


Figure 7. Location of planned drilling.

5. ENVIRONMENT

The bulk of the soil sampling programme was carried out in the Vale of Belvoir and Black Bluff Conservation Areas as well as on private freehold land (Figure 8). Prior to starting the program all staff were made aware of the importance of minimizing the impact that exploration activities had on the environment and the risks associated with spreading plant diseases and weeds as a result of day to day exploration tasks.

By the end of the programme approximately 25.5km of line cutting had been completed. All lines cut were less than 1 metre wide and entrances had been cut at an angle to existing tracks. A total of 463 samples were collected using a drill auger and the holes were backfilled after each sample had been collected. Vegetative litter was raked back over the hole before moving onto the next site so that evidence of a soil sample being taken was almost zero.

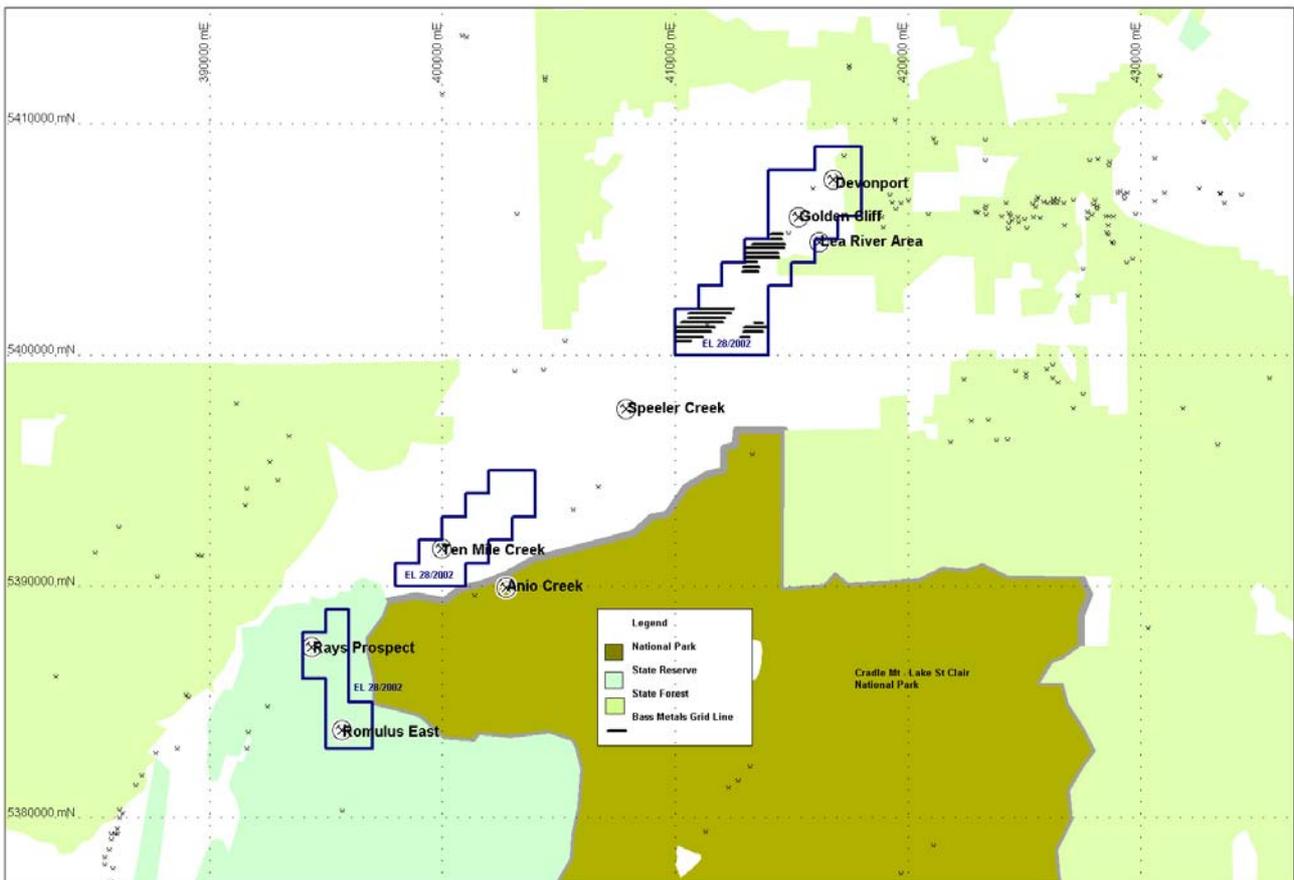


Figure 8. Environmental Activity Map showing the location of cut grid-lines.

6. EXPENDITURE

Period Ending	Jan-06 to Jan-07
Administration	\$2,738.35
Geology-Personnel & Overheads.	\$95,411.58
Gridding	\$55,623.75
Geochemistry	\$30,742.51
Geophysics	
Drilling	
Feasibility Studies	
Rehabilitation	
Other – Safety Equipment	\$172.45
Total - Eligible	\$184,688.64
Cumulative Total	\$361,688.97

Table 1. Expenditure 31 January 2006 to 30 January 2007.

Expenditure, for the period January 31 2006 to January 30 2007, mainly comprised line cutting, soil sampling, assay costs and data processing and interpretation.

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