

**MOUNT SELINA PROJECT
EL29/2002, TASMANIA**

**ANNUAL PROGRESS REPORT
31ST JANUARY 2006 TO 30TH JANUARY 2007**

Tenement Holder/Manager
Bass Metals Ltd.
Suite 5, 2 Richardson St
West Perth, WA, 6005

Prepared by:

Catherine Turnbull *BSc.Hons.*
Hellyer Mine Exploration Base

Distribution:

Mineral Resources Tasmania
Bass Metals Ltd
Adamus Resources Ltd

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

**MOUNT SELINA PROJECT
EL29/2002, TASMANIA**

**ANNUAL PROGRESS REPORT
31ST JANUARY 2006 TO 30TH JANUARY 2007**

ABSTRACT

The following is an Annual Report on Exploration Activities for Exploration Licence 29/2002, Mt Selina, for the twelve month period starting 31 January 2006 and ending 30 January 2007.

Activities during the reporting period include;

- Analysis of soil geochemical assays generated from the two soil programmes.
- 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).

All exploration activities are being conducted in an environmentally sensitive manner.

CONTENTS	Page
1. INTRODUCTION	1
1.1 Location:	1
1.2 Geology Overview:	3
1.2.1 The Mount Read Volcanics	Error! Bookmark not defined.
1.2.2 The Owen Group	Error! Bookmark not defined.
1.3 Exploration Rationale:	5
2. WORK COMPLETED	5
2.1 Historical Mining:	5
2.2 Exploration Prior to Current Licence:	5
2.3 During Current Licence Pre 31 st January 2006:	8
3. EXPLORATION COMPLETED 31STJANUARY 06 TO 30TH JANUARY 07	8
4. PROPOSED EXPLORATION	13
5. ENVIRONMENT	15
6. EXPENDITURE	16
7. REFERENCES	17
LIST OF FIGURES	
Figure 1. Mount Selina licence (EL29/2002) location.	5
Figure 2. Regional Geology and licence boundary.	6
Figure 3. Historical Exploration Activity Map.	11
Figure 4. Soil Geochemical Results – lead assays.	12
Figure 5. Soil Geochemical Results – zinc assays.	14
Figure 6. Geoinformatics –generated VHMS targets.	15
Figure 7. Geoinformatics – soil geochemistry overlain.	12
Figure 8. Proposed Exploration Programme.	14
Figure 9. Environmental Activity Map.	15
LIST OF TABLES	
Table 1. Expenditure 31 st January 2006 to 30 th January 2007.	16

1. INTRODUCTION

This report is a summary of the exploration activities conducted on the Mount Selina exploration licence for the period 31st January 2006 to 30th January 2007.

The Mt Selina exploration license EL29/2002 (Figure 1), was granted to Adamus Resources on 31 January 2002 as a 109km² area. The license was reduced in size at the end of the second year (2004) when 51km² were relinquished. The license is now 58km² and is due to expire on the 31 January 2008.

In April 2005 Adamus Resources Limited and Bass Metals Limited entered into a Farm-in and Joint Venture Agreement. Bass Metals will act as managers during the farm-in period from a base at the Hellyer Mine site.

At the end of the third year (2005) Mineral Resources Tasmania granted a six-month deferral in exploration expenditure from the 31 January 2006 to the 31 July 2006. This report follows on from the previous six-month progress report to cover the entire reporting period.

1.1 Location:

The Mount Selina license is located between Queenstown and Rosebery, on the west coast of Tasmania (Figure 1). The licence is found on the Sophia and Franklin (1:100,000) map sheets. The licence area is topographically bounded to the north by Mount Murchison, south by the Comstock Valley, east by Sticht Ranges and the west by the Tyndall Ranges.

The north-western corner of the license is crossed by the sealed Anthony Road. Access to the central and southern areas is via gravel tracks maintained by the Hydro-Electric Corporation, Parks and Wildlife Service and Copper Mines of Tasmania. Access to the remainder of the licence is either on foot or by helicopter.

The majority of the licence is covered by the Tyndall Range Regional Reserve and the Lake Beatrice Conservation Area. Topographically the area is rugged and quite variable displaying steep wooded slopes, deeply incised valleys and grassed flat plateaus and broad plains. Numerous lakes and closed catchment basins are located throughout the licence area.

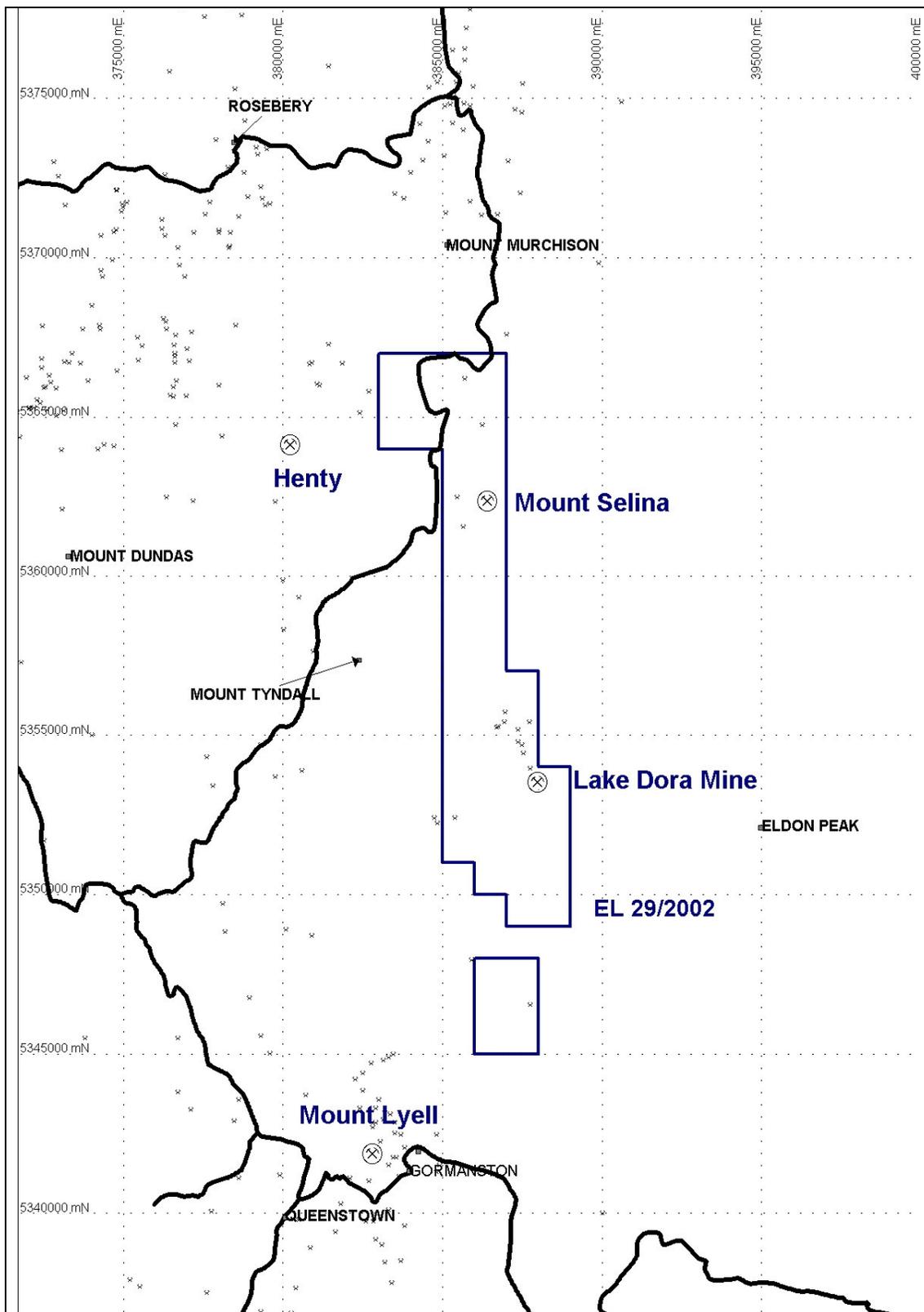


Figure 1. Mount Selina EL29/2002 location plan including towns, roads and mineral deposits.

1.2 Geology Overview:

The oldest rocks in the region belong to the Proterozoic Tyennan Metamorphics. The Mt Read Volcanics (“MRV”) lie unconformably on top of the Tyennan Metamorphics. The MRV provide the best stratigraphic target for finding polymetallic VHMS deposits. Owen group sediments overlay these volcanoclastic units in the central and western licence areas with alluvium and glacial deposits covering a large portion of the central and northern areas. The Murchison Granite, which can be seen in small outcrops within the licence, intrudes and underlies the Mt Read Volcanics (Rust, 2004; Figure 2).

1.2.1 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).

1.2.2 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.

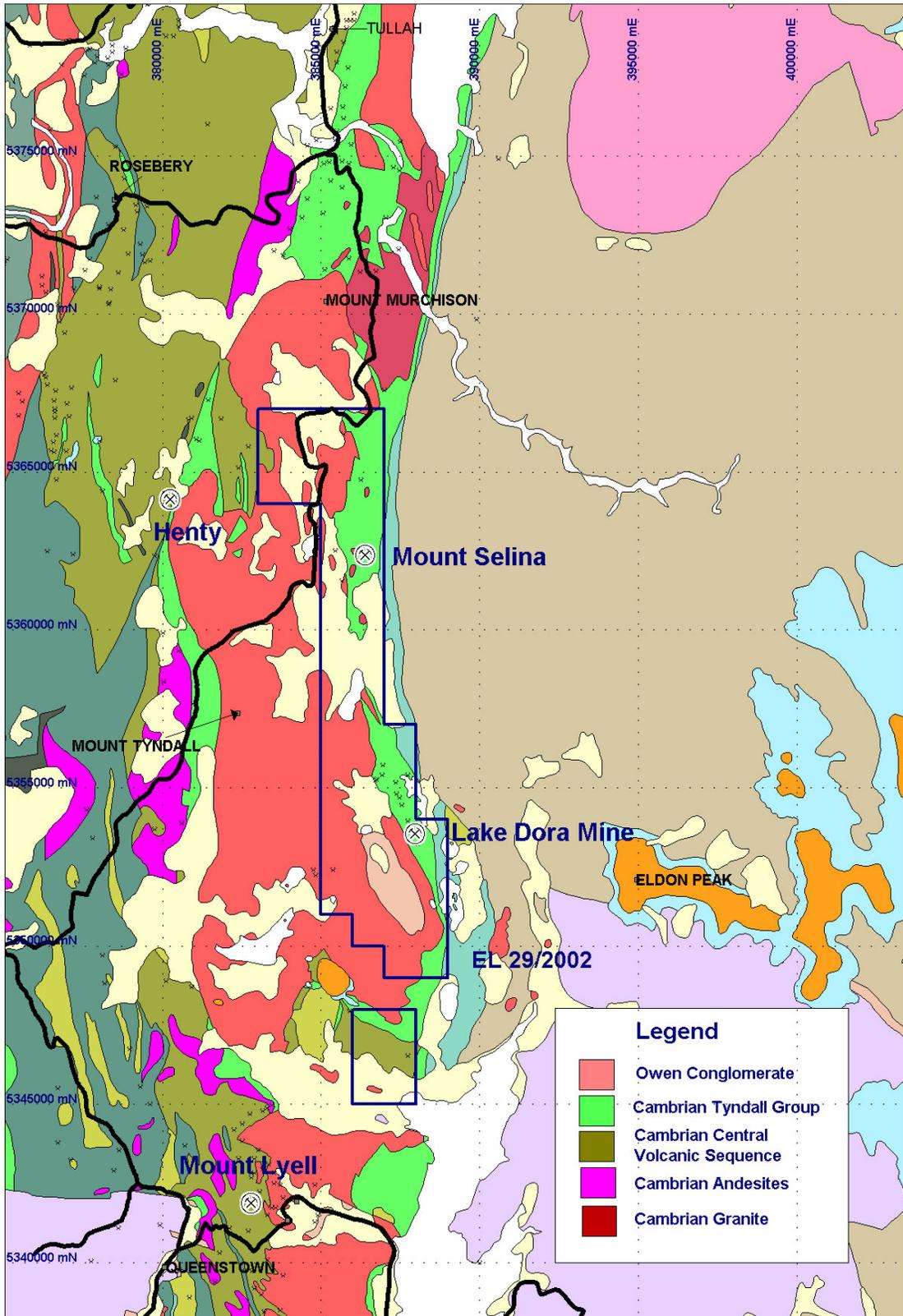


Figure 2. Regional Geology showing licence boundaries, roads and towns.

1.3 Exploration Rationale:

The Mount Read Volcanics are well known for hosting world-class Cambrian VHMS deposits such as Rosebery (32.7Mt @14.5%Zn, 4.4% Pb, 0.58% Cu, 145g/t Ag, 2.2g/t Au), Hellyer (16.5Mt @13.9% Zn, 7.2% Pb, 0.38% Cu, 169g/t Ag, 2.55g/t Au) and Mt Lyell (311Mt @ 0.97% Cu, 0.31g/t Au). Directly west of the license is located the Henty Gold mine (2.83Mt @12.5g/t Au). Hosted in MRV, the Henty mineralisation is considered to represent a hybrid deposit related to Cambrian VHMS mineralisation and possible Cambrian granite-related mineralisation.

Acquisition of the Mt Selina license was motivated primarily by the presence of Mount Read Volcanic stratigraphy and hence latent prospectivity to host Cambrian VHMS mineralisation of all styles.

2. WORK COMPLETED

2.1 Historical Mining:

The discovery of the Lake Dora and Red Hills mineral fields, in 1891, represents the beginning of historical work in the area. Efforts at this time basically consisted of small to moderate scale prospecting and limited mining attempts. Historically copper was the main element of interest.

The Lake Dora area was worked with only moderate success through a series of trenches and prospecting shafts and tunnels. Early workers noted the presence of cobalt in the region and copper and silver were the main elements of economic interest. In 1908 the Lake Dora field was abandoned due to poor copper grades.

There is very little recorded activity in the region from 1908 until the beginning of modern exploration efforts in the late 1950's.

2.2 Exploration Prior to Current Licence:

Modern exploration efforts in the Mt Selina region commenced in the late 1950's (Figure 3). Prior to this only limited prospecting and mining took place. The following history of modern exploration in the Mt Selina licence has been taken from Rust (2004):

Date: 1957 - 1962

Company: Rio Tinto Australian Exploration Pty Ltd

Exploration Philosophy: Focus on locating large-scale, economic Cu, Zn, Pb, Sn mineralisation utilising geophysical methods, mapping and stream sediment sampling.

Work Completed: Examined the Lake Selina, Lake Dora, Lake Spicer, West Sedgwick, Comstock Valley and Red Hills areas for potential to host large-scale Cu, Zn, Pb, Sn mineralisation.

Aeromagnetic surveys and four diamond drill holes were completed over the Red hills area.

Results and Conclusions: No results are recorded.

Date: 1966 - 1987

Company: MLM&RC and Goldfields Exploration Pty Ltd (both subsidiaries of Renison Goldfields Consolidated Ltd)

Exploration Philosophy: Initially targeting Mt Lyell analogous copper mineralisation and later expanded to incorporate VHMS base metals with a more recent focus on gold mineralisation.

Work Completed: Assessment and interpretation of previous aeromagnetic surveys (for target generation), stream sediment, soil and rock chip sampling, induced polarization surveys, resistivity and ground magnetics surveys, mapping, diamond drilling, trace element and Ni:Co drill core studies, EM and UTEM ground level geophysical surveys.

Results and Conclusions: several targets generated however follow up drilling generally only returned low grade anomalous results. Area shows large anomalous zones of Cu-Pb-Zn-Ag±Au.

Date: 1985 - 1995

Company: CRA Exploration and Aberfoyle Resources Ltd Joint Venture

Exploration Philosophy: Generally focused on base metals, however the southern areas were explored for base metals and gold due to structural and lithological similarities between the area and the Red Hills Pb-Zn-Au deposit.

Work Completed: Ground based magnetic surveys, mapping, stream sediment, soil and rock chip sampling, diamond drilling and a downhole EM survey.

Results and Conclusions: Limited exploration targets generated, previous anomalies confirmed however further work failed to increase the economic potential of the anomalies. Some interesting anomalous results returned from rock chip samples showing elevated Au, Pb and Zn assays.

Date: 1987 - 1998

Company: Aberfoyle Resources Ltd

Exploration Philosophy: Exploration for VHMS deposits at +200m depth. Main elements of interest were Pb-Zn and gold to a lesser degree.

Work Completed: Ground magnetic surveys, mapping, rock chip sampling and drilling.

Results and Conclusions: Work returned some anomalous Au, Ag, Cu and Pb grades, however overall Pb, Zn and Au values were poor.

Date: 1996 - 1997

Company: Copper Mines of Tasmania Pty Ltd

Exploration Philosophy: Targeting VHMS base metals, gold or disseminated sulphide deposits. The exploration area was selected as it was considered to be analogous with the Red Hills Rhyolite Dome.

Work Completed: Stream sediment and rock chip sampling.

Results and Conclusions: Results returned from the programs were variable with some Au, Zn, Cu and Pb point anomalies defined.

Date: 1996 - 2001

Company: Pasminco Exploration Ltd

Exploration Philosophy: exploring for VHMS Pb-Zn-Cu-Au-Ag deposits using the Rosebery/Hellyer deposits as the conceptual model. Also concentrating on large tonnage, intrusive related Cu-Au systems and vent-breccia style "Leyshon" Au.

Work Completed: Literature review, helicopter supported reconnaissance, re-assaying of diamond drill holes, mapping, rock chip and soil sampling and Pb isotope studies.

Results and Conclusions: Re-assaying of diamond drill holes returned disappointing results. However rock chip sampling showed significant Au, Cu, Pb, Zn, Ag and Co anomalism from narrow veins. Several anomalous (6-37 g/t) Ag assays were returned.

Date: 1998 - 2002

Company: Goldfields Exploration

Exploration Philosophy: Unsure

Work Completed: None

Results and Conclusions: The Mt Selina ground was held in conjunction with another area. Goldfields concentrated exploration efforts on the other ground. The Mt Selina portion was released due to increasing expense commitments without any work being conducted on it.

The exploration conducted by previous companies had highlighted the following targets: the Eastern Pyrite Zone, Anthony, the Western Pyrite Zone and some geophysical targets at Lake Dora, Lake Spicer and Beatrice Dome.

Previous exploration efforts generally focused on Rosebery/Hellyer style VHMS deposits and Mt Lyell style copper deposits as the conceptual target. As a result the elements of primary interest have been the base metals Pb, Zn and Cu with later limited focus on Au.

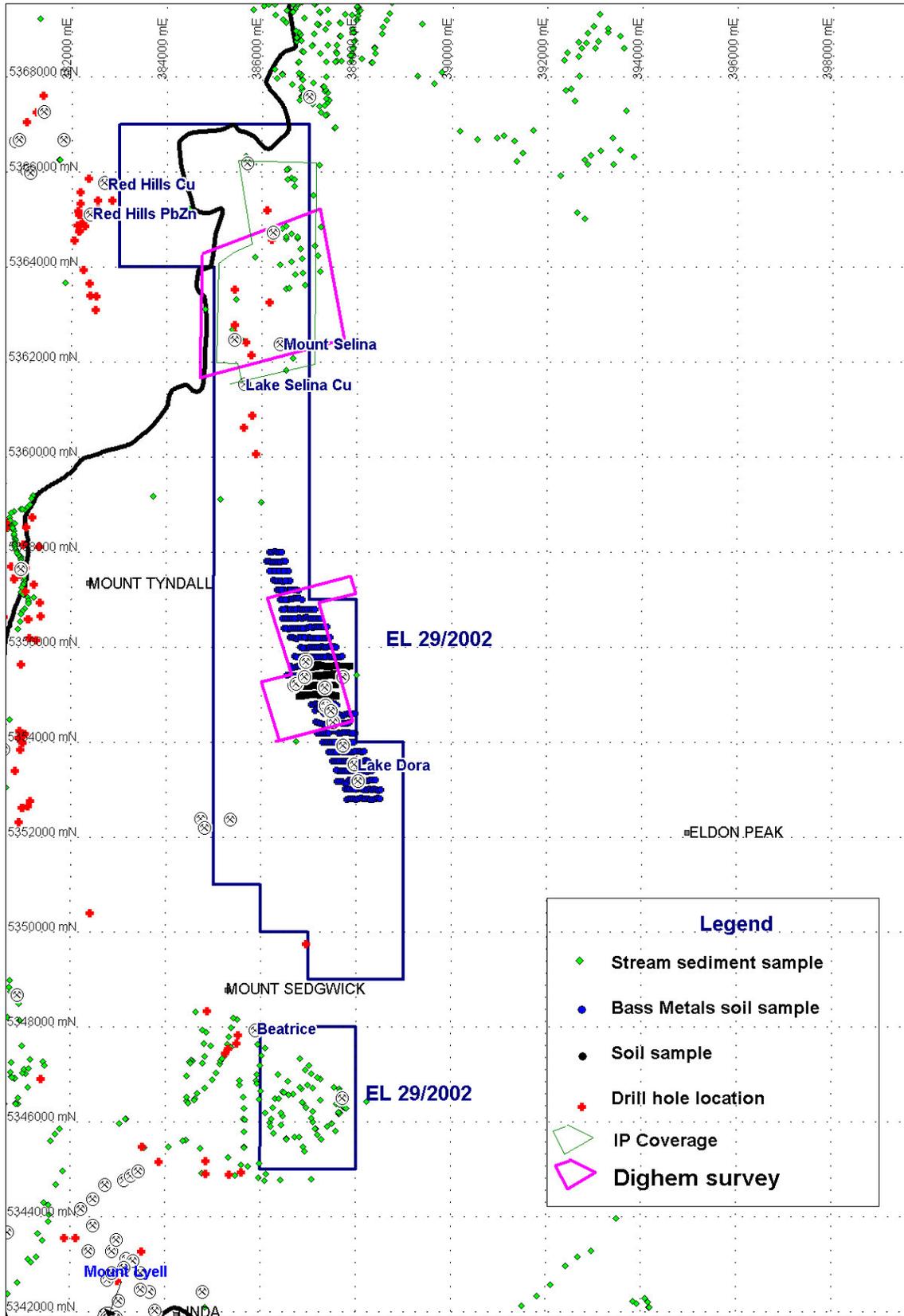


Figure 3. Historical Exploration Activity Map.

2.3 During Current Licence Pre 31st January 2006:

- Adamus conducted gridding and soil sampling over selected targets
- Establish exploration base at Hellyer Mine Site.
- Compilation of historical data available from open file sources into a MapInfo database and processing of ASTER satellite data.
- Bass commenced gridding and soil sampling over two prospective areas.

3. EXPLORATION COMPLETED 31 JANUARY 06 TO 30 JANUARY 2007

The following section reports on exploration conducted between the 31 January and the 30 January 2007. Exploration activities involved; (1) analysis of soil geochemistry assays received from the programme finished in January 2006, and (2) compilation of data into a proprietary Geoinformatics database to facilitate 3-dimensional modelling of the data and MOCA target generation, and (3) a second phase of infill soil sampling over the Dora soil anomaly.

Phase one Soil Geochemistry Programme Results

A soil geochemical programme was conducted through to the end of January 2006. The results for this program did not become available until February-April 2006. The program was conducted in two areas in the Selina licence. Area 1 was between Lake Rolleston and Lake Dora and Area 2 was between Lake Dora and Lake Spice. The program involved the collection of samples from a grid with 200m spaced pedestrian cut-lines and sampled on 50m spacing.

Samples were collected using a hand auger. Samples varied from 0.8kg to 2.6kg in weight. At all times during the cutting of grids and collecting of samples care was taken to avoid the transfer of soil or vegetation. Tools, shoes and clothing were cleaned of loose soil or vegetation at the end of each grid line to minimize the transport of noxious weeds and plant diseases. For a more detailed account of the sampling procedures refer to the 'Mt Selina Annual Progress Report on Exploration Activities 31 January 2005 to 30 January 2006'.

Analysis of the assay results in terms of common metal associations (eg Pb-Zn-Ag, Pb-Zn, Cu-Zn, Cu-Zn-Au, Cu-Au) identified one soil anomaly to the north of the Lake Dora Mine trend (North Lake Dora) and almost immediately south east of Lake Rolleston. The anomaly occurs in units mapped as Mount Read Volcanics within a structurally complex zone of intersecting North-South and Northwest-Southeast oriented faults. It is defined by a coincident >350ppm Pb+Zn anomaly (peak values 681ppm Pb and 521ppm Zn) approximately 1km in strike length with elevated Sb, As & Au and corresponds to a Geoinformatics Hellyer-Rosebery style target. The Dora Cu-Au workings occur southeast of this anomaly (Appendix 1).

Phase two Infill Geochemical Soil Programme Results

The phase two infill soil sampling programme consisted of 11 east-west oriented infill lines over the 1km long zone of coincident Pb-Zn soil anomalism defined during the initial phase one programme.

The soil assay results for lead and zinc confirmed the orientation of the Pb-Zn anomaly and strengthened the continuity of the anomaly (Figures 4 & 5). This geochemical confirmation has increased the confidence in the anomaly as a drill target.

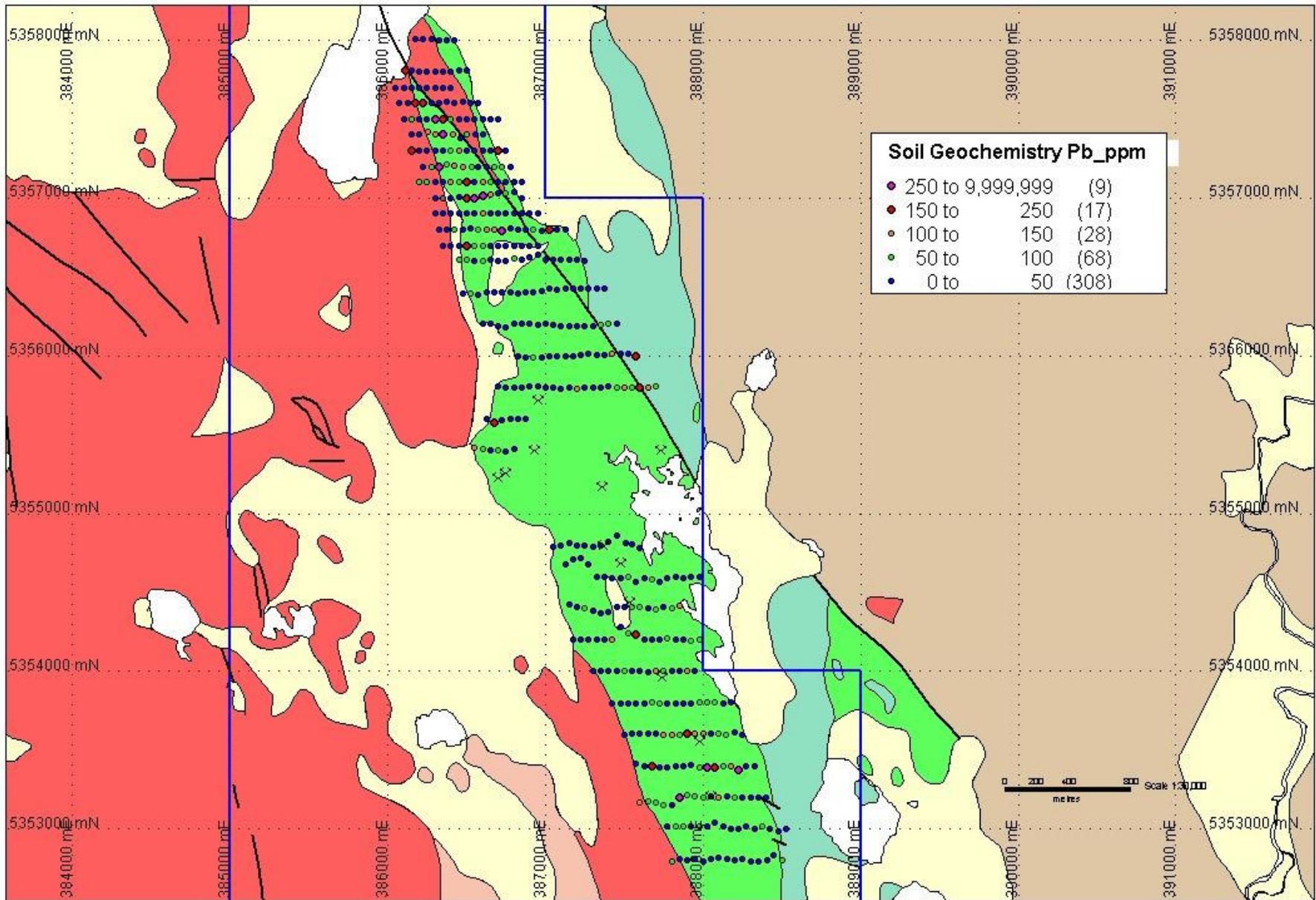


Figure 4. Soil Geochemical Programme – lead assays.

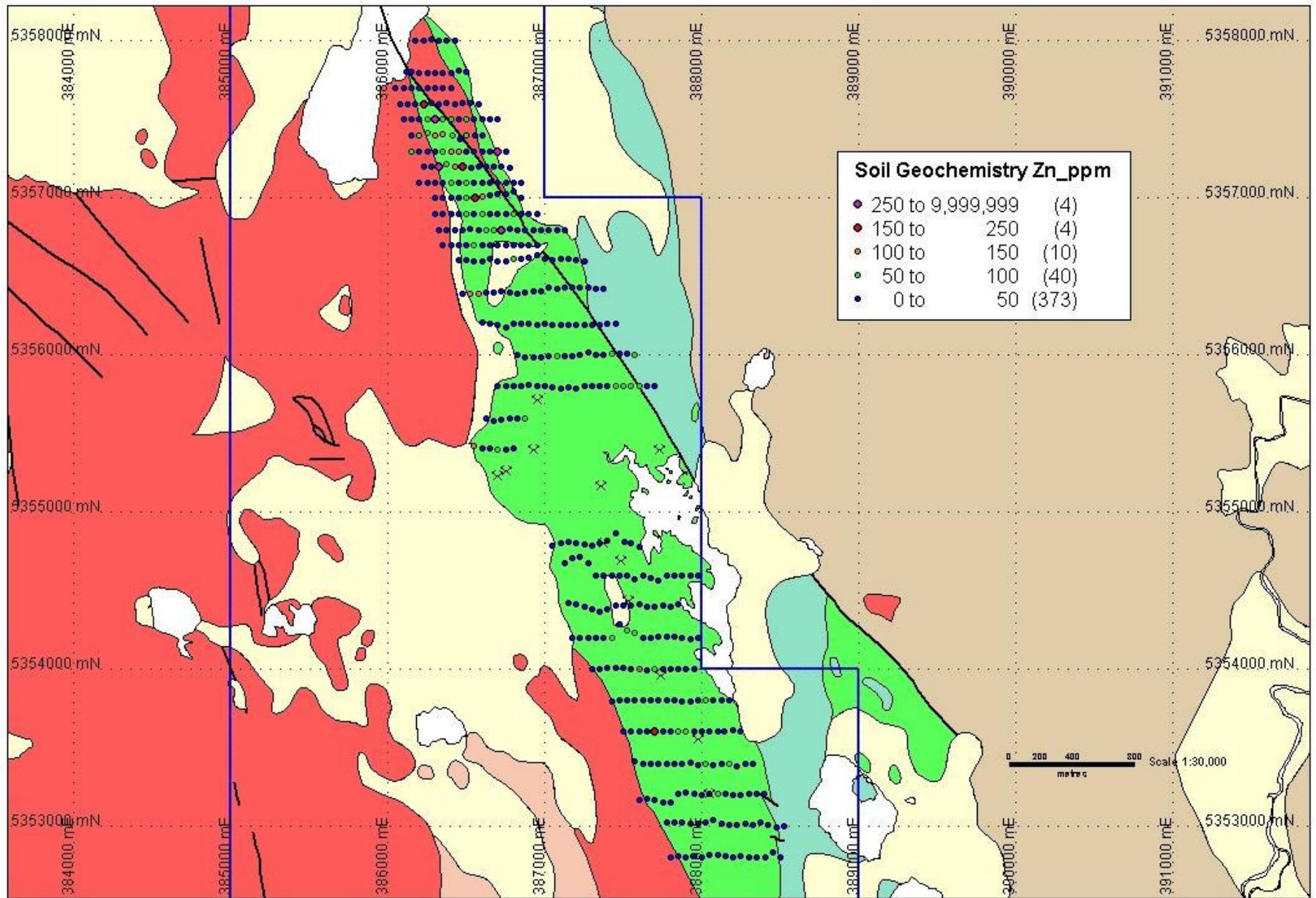


Figure 5. Soil Geochemical Programme – zinc assays.

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 Mt Selina 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 Mt Selina 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 Sn systems (e.g. Renison and Mt Bischoff) and intrusive related Ni-skarn systems (e.g. Avebury). Targets were identified and ranked according to probabilistic Monte Carlo analysis of best-available 3D and 2D 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 are being delivered in August 2006.

At Mt Selina Geoinformatics generated a total of 16 Mount Lyell style and 22 Rosebery style VHMS targets (Figure 6). Most targets ran down the eastern side of the licence area where they identified prospective portions of the Mt Read Volcanics. The western side of the licence has outcropping Owen Group sediments.

Comparing results from Bass's 2006 soil geochemical programme with the Geoinformatics geological model confirmed the prospectivity of the North Lake Dora soil geochemical anomaly (Figure 7). Refer to Appendix 3 for a summary of the Geoinformatics methodology.

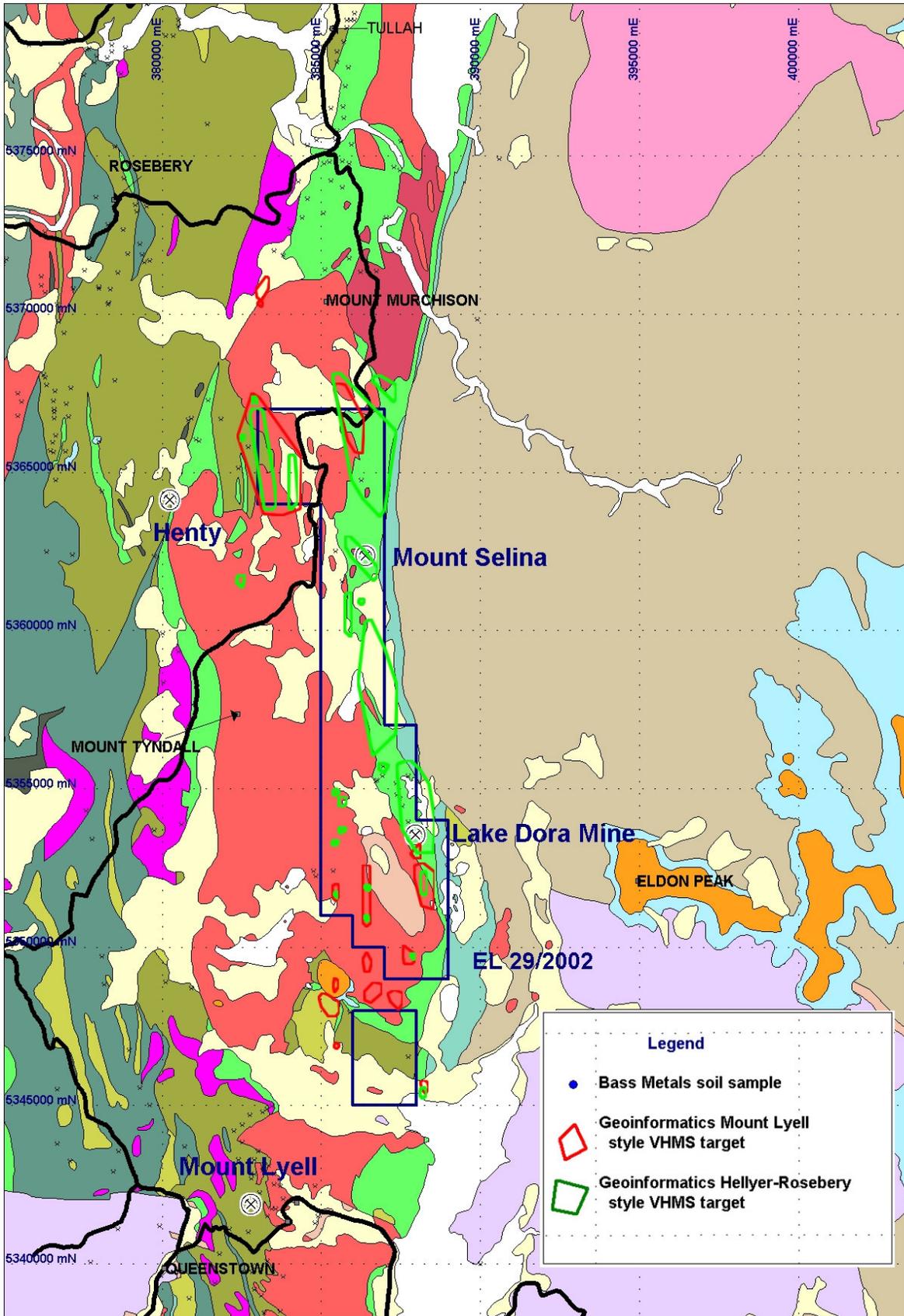


Figure 6. Geoinformatics VHMS targets and MRT regional geology.

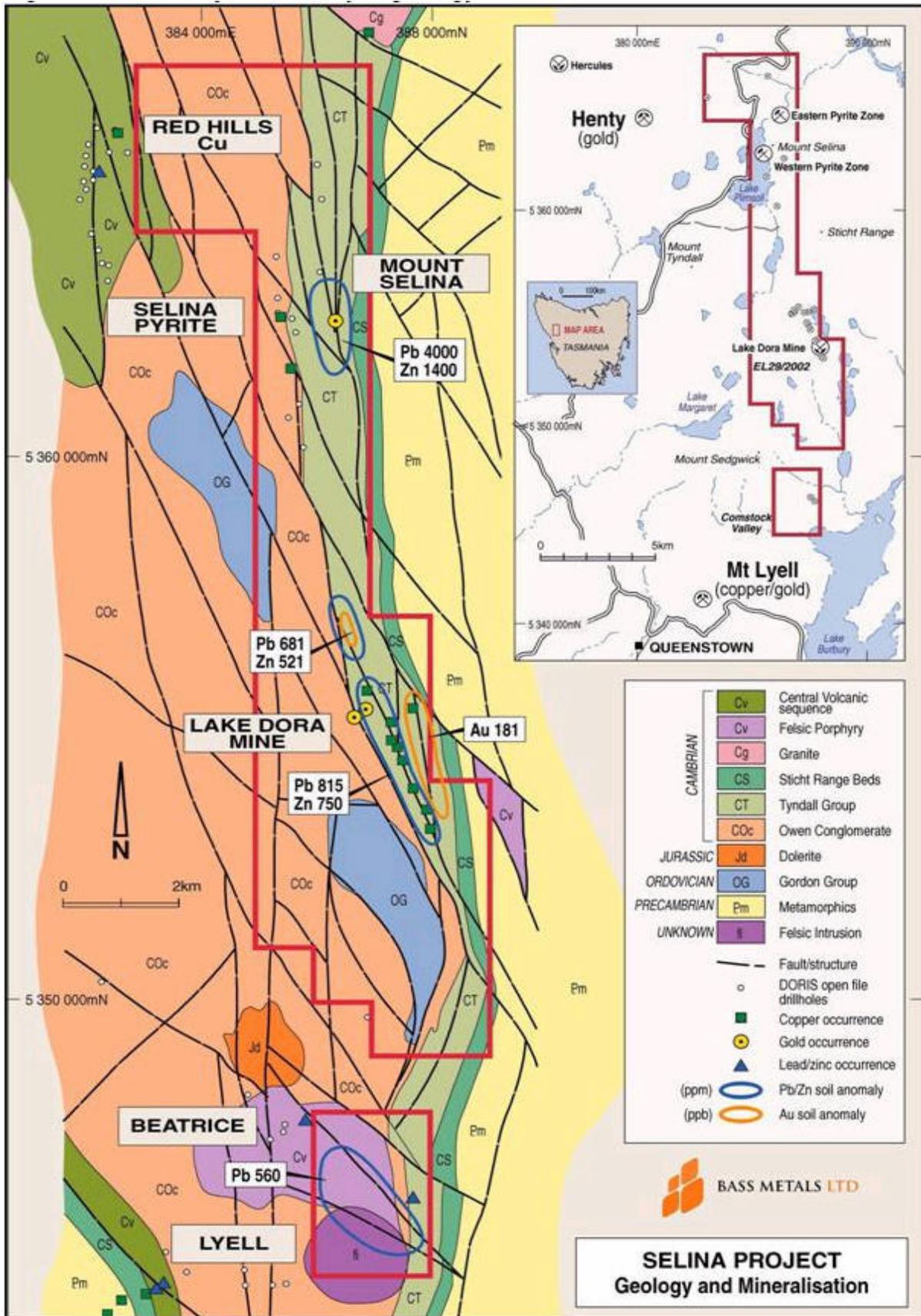


Figure 7. Geochemical anomalies on Geoinformatics geological model.

4. PROPOSED EXPLORATION

Following the successful definition of the Dora Pb-Zn anomaly, an initial three-hole diamond drilling programme has been submitted to the MRT. Approval is pending. If the drilling is successful a follow-up programme including downhole EM and a second phase of diamond drilling is planned.

Budget

Geologist & Technicians time (\$800 day)	\$8,000
Phase one Drilling (500m @ \$250/m incl. geology and assay costs)	\$125,000
Geophysics (Ground or down hole)	\$15,000
Phase two Drilling (500m @ \$250/m incl. geology and assay costs)	\$125,000
Total	\$273,000

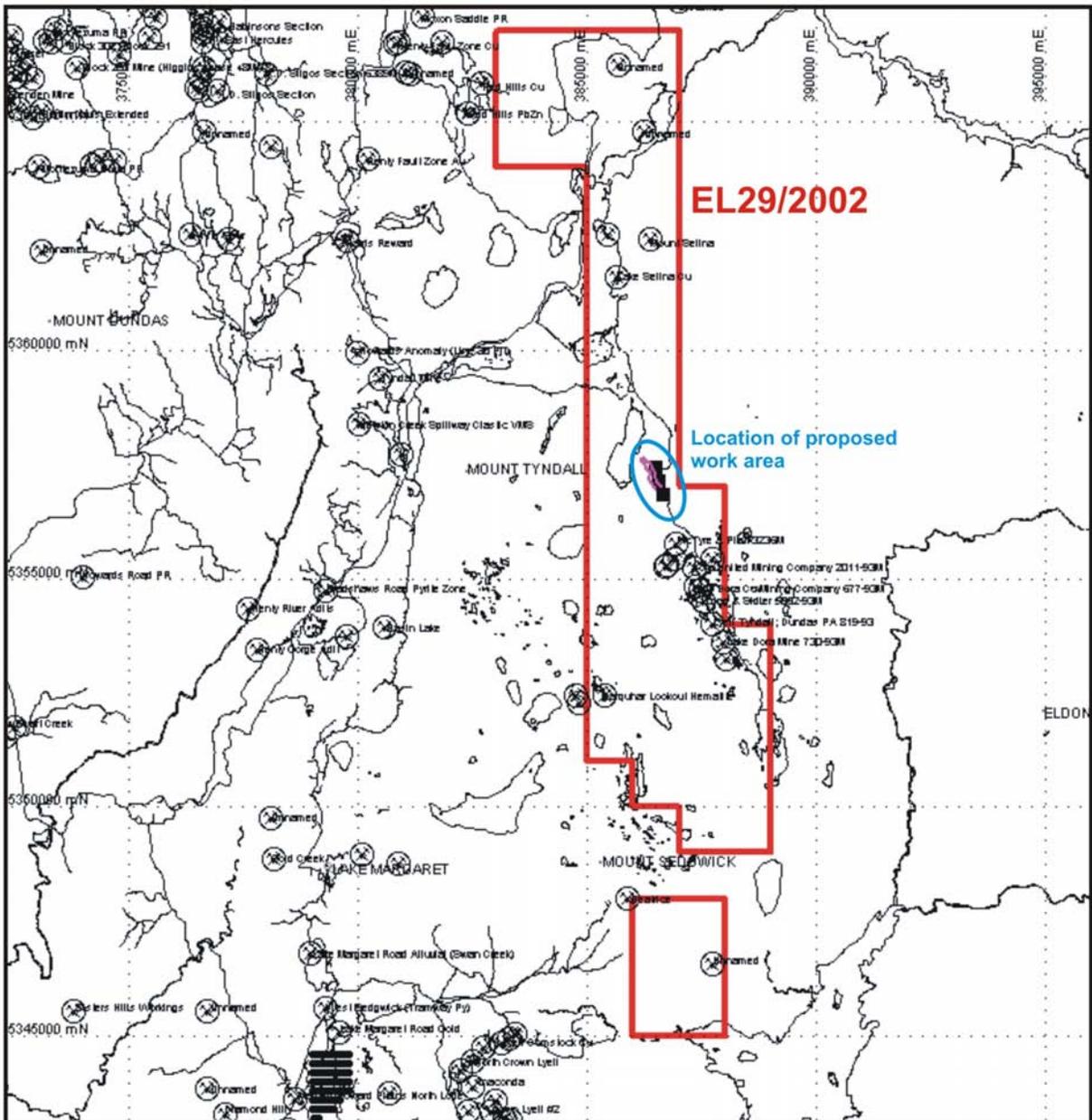


Figure 8. Location of proposed drilling and geophysics.

6. EXPENDITURE

Expenditure Departments	Jan-06 to Jan 07
Administration	\$237.62
Geology* -Personnel & Overheads.	\$112,646.63 ¹
Gridding	\$25,972.50
Geochemistry	\$28,289.22
Geophysics	
Drilling	
Feasibility Studies	
Rehabilitation	
Other – Safety Equip	\$326.56
Total - Eligible	\$167,472.53
Cumulative Total	\$348,685.91

*1 includes Geoinformatics costs.

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

The major part of the expenditure during the period is related to completion of the phase two infill soil geochemical programme and the Geoinformatics MOCA analysis work undertaken on the Selina Licence.

7. REFERENCES

Pemberton, J., Vicary, M.J., Corbett, K.D., 1991. Geology of the Cradle Mountain Link Road – Mt Tor Area. Geol.Rep.Mt Read Volc.Proj.Tasm.4

Rust, A., 2004. 2003 Annual Report on Exploration Activities within the EL29/2002 to Mineral Resources Tasmania. Adamus Resources Limited.

Seymour, D.B., Green, G.R., Calver, C.R., 2006. The Geology and Mineral Deposits of Tasmania. Bulletin 72 Tasmanian Mines Department.

Taylor, S., Mathison, I.J., 1990. Oceana lead-zinc-silver deposit, in: Hughes, F.E. (ed.). Geology of the mineral deposits of Australia & Papua New Guinea. *Monograph Serial Australian Institute of Mining & Metallurgy*. 14:1253-1256.