

**OONAH PROJECT
TASMANIA
EL63/2004**

**ANNUAL PROGRESS REPORT
8TH AUGUST 2005 TO 7TH AUGUST 2006**

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

Prepared By:
Catherine Turnbull, BSc Hons (Geol)
Hellyer Exploration Base, TAS

Distribution:
Mineral Resources Tasmania
Bass Metals Ltd (Perth)
Geoinformatics Exploration Tasmania Pty Ltd

**OONAH PROJECT
TASMANIA
EL63/2004**

**ANNUAL PROGRESS REPORT
8TH AUGUST 2005 TO 7TH AUGUST 2006**

ABSTRACT

Bass Metals Ltd commenced management of the Oonah exploration licence (EL63/2004) on 8 August 2005. Work conducted on the licence for the year ending 7/08/2006 has included:

- Compilation of historical exploration reports and data
- Validation and review of existing data and capturing of data in a proprietary Geoinformatics Exploration Inc database system named FracSIS
- carrying out three dimensional modelling of the captured data
- Target generation and ranking of exploration targets using further proprietary software and Monte Carlo probabilistic algorithms

A brief reconnaissance field trip to the Oonah and Montana mines included the collection of six grab samples.

CONTENTS	Page
1. INTRODUCTION	1
1.1 Location:	1
1.2 Geology Overview:	3
1.2.1 Burnie and Oonah Formation	3
1.2.2 Owen Group	3
1.2.3 Gordon Group	3
1.2.4 Eldon Group	4
1.2.5 Parmeener Supergroup	4
1.2.6 Tertiary Basalts	4
1.3 Exploration Rationale:	6
2. WORK COMPLETED	6
2.1 Historical Mining:	6
2.2 Exploration Prior to Current Licence Area:	6
3. EXPLORATION COMPLETED 8 AUGUST 05 TO 7 AUGUST 06	10
3.1 Geoinformatics Geological Modelling & Targeting	10
4. PROPOSED EXPLORATION	13
5. ENVIRONMENT	14
6. EXPENDITURE	15
7. REFERENCES	16
LIST OF FIGURE	
Figure 1. Oonah licence (EL63/2004) location.	2
Figure 2. Regional Geology and licence boundary.	5
Figure 3. Historical Exploration Activity Map.	9
Figure 4. Oonah Geoinformatics Targets	12
Figure 5. Environmental Activity Map	14
LIST OF TABLES	
Table 1. Rock chip sampling results.	10
Table 2. Expenditure 8 August 2005 to 7 August 2006.	15

Note: All figures and references to grids are according to the AGD66 datum and AMG66 grid system.

1. INTRODUCTION

This report is a summary of the exploration activities conducted on the Oonah exploration licence, EL63/2004 (Figure 1), for the period of 8 August 2005 to 7 August 2006. The licence covers a total area of 24 km². The Oonah licence is subject to an exploration joint venture agreement between Bass Metals Ltd and Geoinformatics Exploration Tasmania Pty Ltd. Bass is currently managing exploration of the licence from a base at the Hellyer Mine site.

The licence is situated in southwest Tasmania and covers an interpreted portion of the Tenth Legion Fault. The licence was claimed primarily because the Tenth Legion Fault is interpreted to thrust the Burnie & Oonah Formations on top of younger units including the Gordon Limestone which is considered prospective by Bass for carbonate-replacement mineralisation.

1.1 Location

The Oonah licence is located directly adjacent to the town of Zeehan and approximately 30km north of Strahan on the west coast of Tasmania (Figure 1). Zeehan is accessed from the north via the Zeehan Hwy off the Murchison Hwy. Access to the licence from Zeehan township is via Heemskirk Rd and various unsealed public roads. The 24km² tenement can be found on the Heemskirk and Dundas (1:25,000) LTIS map sheets.

Topographically the area is of variable, undulating relief with the majority of the licence area classified as undifferentiated buttongrass moorland. In general, vehicular access is good with various unsealed vehicle 4WD tracks accessing the numerous old workings.

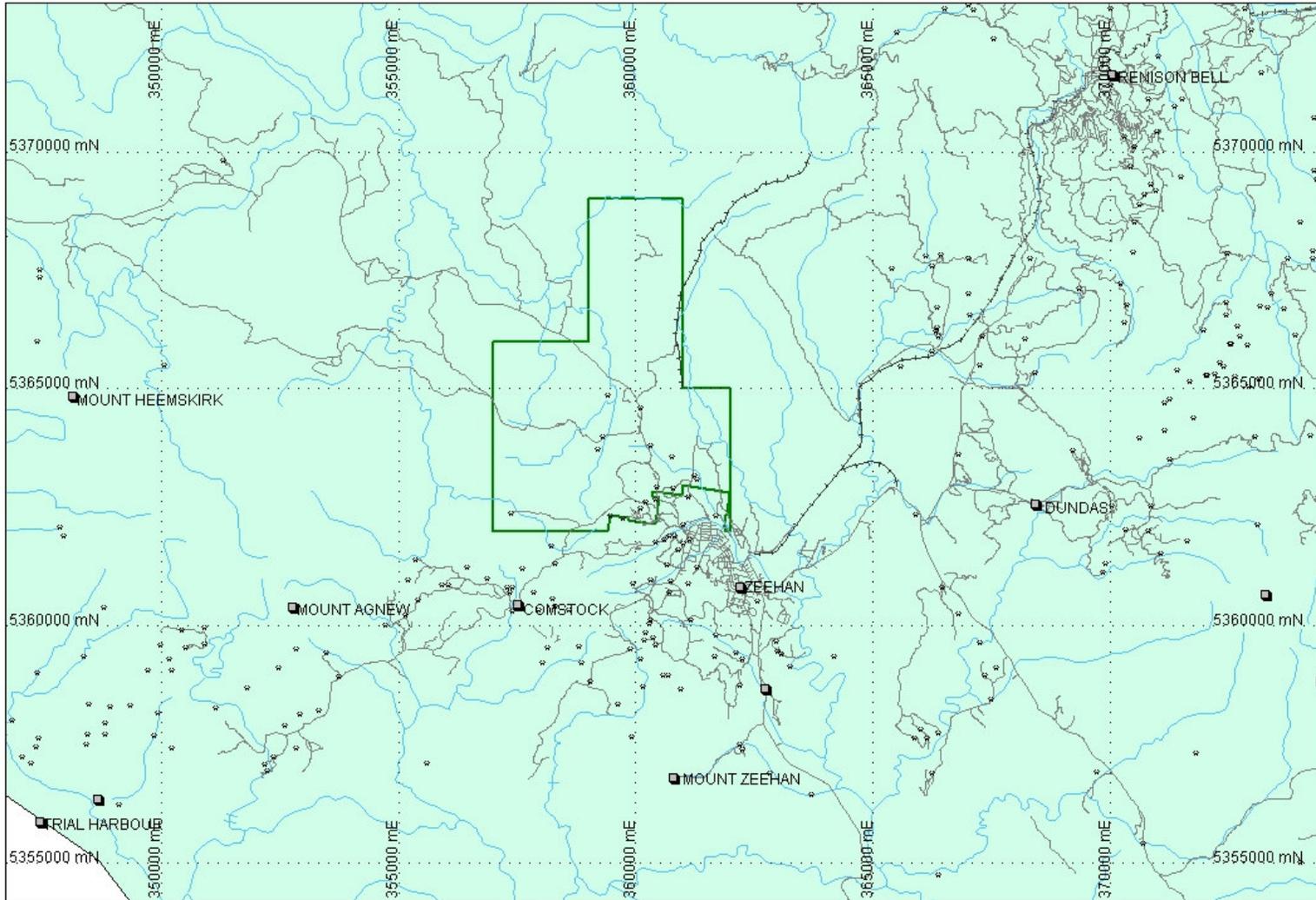


Figure 1. Oonah Exploration Licence (EL63/2004) is located in south-west Tasmania.

1.2 Geology Overview

A number of geological units are present within the Oonah licence area; however the units of interest in terms of prospectivity for granite-related and carbonate-replacement mineralisation are chiefly the Burnie and Oonah Formation and the Gordon limestone/Eldon Group association. Importantly it is the thrust relationship between these lithologies and the interpreted position of the Tenth Legion Fault that provides the focus for mineralising fluids (Figure 2).

In regards to the mineralisation of the Zeehan mining field of which the Oonah licence is considered to partially cover, there are two major styles of mineralisation. Classically the tin and Ag-Pb-Zn mineralisation has been attributed to magmatic hydrothermal zoning related to the intrusion of the Heemskirk granite. Both and Williams (1968) showed that the mineral zoning from west to east, is displayed principally in the gangue which changes from pyrite dominate to siderite dominate as the FeS content declines from west to east. The only distortion of this zoning is found at Queen Hill due to abundant tin mineralisation which both attributed to a separate granite intrusion underlying the area. A second mineralisation style considered akin to Irish- style syn-sedimentary lead-zinc mineralisation is reported at Oceana Mine and has been confirmed by Pb-isotope analysis conducted on lead mineralisation from that mine (Sise, 1986).

1.2.1 Burnie and Oonah Formation

The Burnie and Oonah Formation is a thick, polydeformed Proterozoic quartzwacke turbidite succession, widespread in western Tasmania. The formation comprises of two lithological associations. The dominant quartzwacke turbidite association, which includes minor alkaline dolerite intrusions and lavas, consists of interbedded quartz sandstone, quartzwacke, siltstone and pelite. The secondary lithological association is predominately pelite and/or carbonate including mafic volcanics and conglomerate in some places. Near Zeehan this association is host to a number of Devonian vein, skarn and replacement-tin deposits, and at Mt Bischoff a dolomitic unit hosted major Devonian tin lodes (Seymour *et al*, 2006).

1.2.2 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.

1.2.3 Gordon Group

The Ordovician Gordon Group above the Pioneer Sandstone is a shallow-marine to peritidal, platform succession of predominately micritic, dolomitic limestone. The Gordon Group carbonate sequence is an important ore host for skarn mineralisation associated with intrusion of Late Devonian–Early Carboniferous granitoids (Seymour *et. al.*, 2006).

1.2.4 Eldon Group

The Silurian-Devonian Eldon Group is locally disconformable and erosional on the Gordon Group. The lower part of the succession is dominated by shallow-marine quartz sandstone (Crotty and Florence Formations); the upper by a thick, shelf-facies shale unit with minor limestone identified locally as the Bell Shale and correlates (Seymour *et al.*, 2006).

1.2.5 Parmeener Supergroup

Sediments of the Parmeener Supergroup represent Late Carboniferous to Late Triassic intrabasinal lithologies deposited unconformably on top of Late Devonian granites and older folded rocks. The Lower Parmeener Supergroup consists of mostly glacial and glaciomarine rocks, while the Upper Parmeener Supergroup consists of mostly fluvial and lacustrine sedimentary rocks (Seymour *et al.*, 2006).

1.2.6 Tertiary Basalts

Radiometric dates from basalts across Tasmania indicate an age range of between 16.4Ma and 64.5Ma (Everard *et al.*, 2004). These basalts cover the majority of the licence.

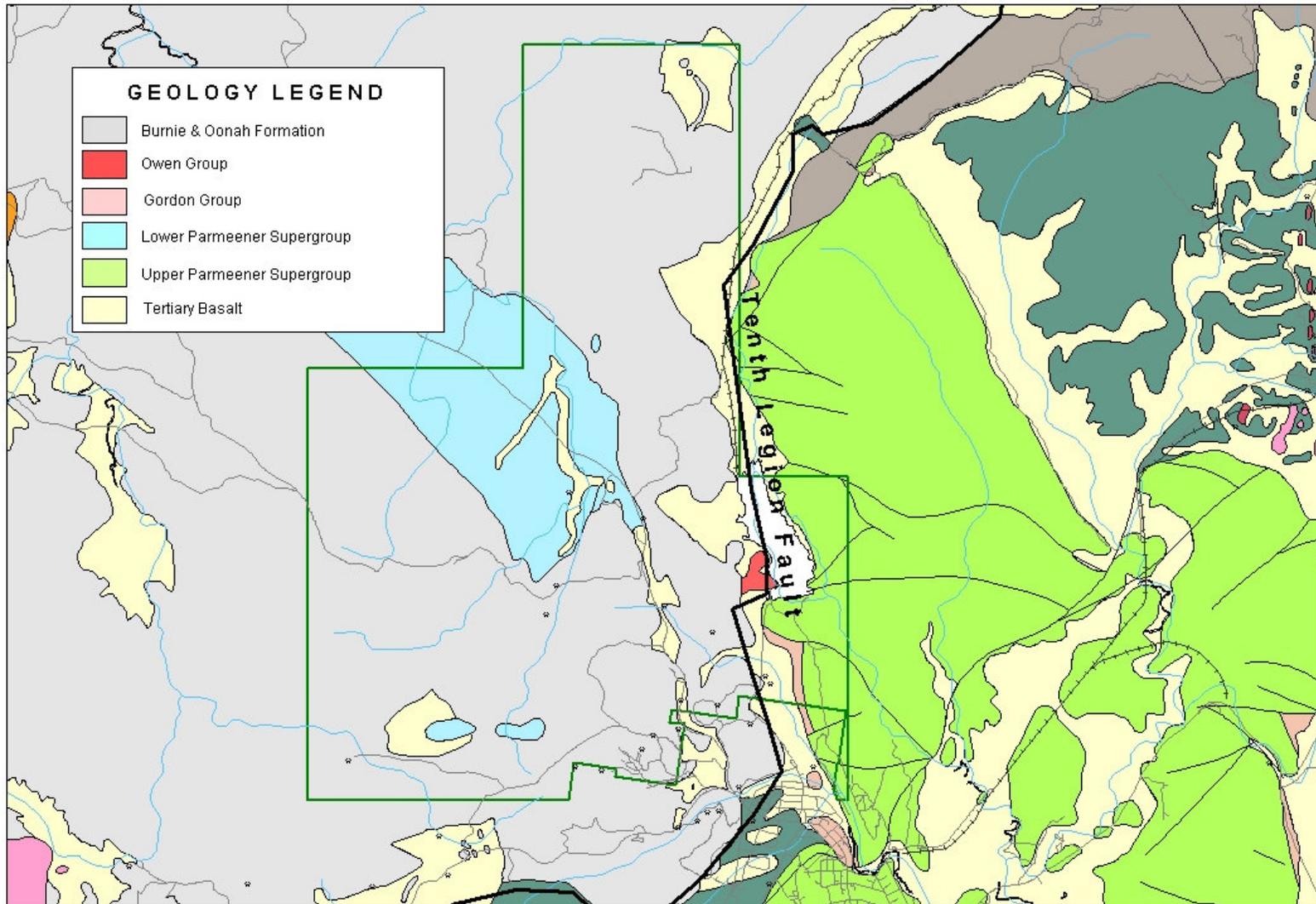


Figure 2. Regional Geology showing Licence Area boundaries and towns.

1.3 Exploration Rationale

The Oonah tenement was acquired because it overlays the interpreted Tenth Legion Fault considered to be thrusting the Burnie and Oonah Formations on top of younger units. The larger deposits in the area such as Montana Silver Lead, Oonah and the Stannite Lodes are hosted in the Burnie and Oonah Formations which possibly acted as an aquatard trapping mineralisation below and immediately above the fault.

The Stannite Lode resource was estimated by CRAE in 1982 to contain 1.3Mt @0.57% Sn with minor silver.

2. WORK COMPLETED

2.1 Historical Mining:

The Zeehan Ag-Pb mining field dates back to 1882 and was progressively developed until 1898. A sharp decline in production saw the closure of the smelter during the first decade of the 20th century and for the most part, from 1919 until the 1980s only small-scale operations existed in the upper levels of abandoned mines (Jones, 1986).

2.2 Exploration Prior to Current Licence Area:

Systematic exploration of the Zeehan mining field commenced during the late 1940s by a joint venture between North Broken Hill and Broken Hill South called Zeehan Explorations. Since that time exploration has generally concentrated on looking for extensions to the existing mines and workings. The area was originally targeted for tin mineralisation, but due to declining tin prices a shift in exploration strategy saw a move to exploration for Pb-Ag-Zn mineralisation.

Date: 1946-1951

Company: Zeehan Explorations

Exploration Philosophy: Exploring for large-scale carbonate-hosted mineralisation

Work Completed: Mostly concentrated their efforts on drilling carbonate-hosted mineralisation in the Gordon limestone. At their instigation, the BMR conducted gravity and electrical surveys in 1947/48 and 1954.

Results and Conclusions: Discouragingly, gravity anomalies were found to represent large accumulations of siderite and known mineralisation at Oceana Mine failed to give a significant electrical response (Langron, 1966).

No data available regarding results of drilling.

Date: 1970-1973

Company: Cominco Exploration Pty Ltd EL47/71(Tenneco Australia Inc)

Exploration Philosophy: Carbonate-hosted base metal mineralisation

Work Completed: Several geophysical surveys including SP, EM, IP, Turair and gravity were conducted over the majority of the limestone sequence. Geological surface mapping, adit mapping, bedrock/rock chip sampling and ground truthing of Turair geophysical anomalies.

Results and Conclusions: Best grab sample from Bradshaw 1.4%Sn. Numerous Turair anomalies identified but details of follow-up work and results not found (73_0956).

Date: 1971-1986

Company: Aberfoyle Resources Ltd EL47/71 (Formerly Cominco and Tenneco)

Exploration Philosophy: To assess regional tin potential to augment future mining operation based on Aberfoyle's Zeehan tin resource. However depressed tin price shifted focus of exploration to lead-zinc-silver mineralisation associated with the Gordon Limestone.

Particularly interested in potential for syn-sedimentary (Irish-style) base metal mineralisation in Gordon Limestone similar to Oceana Mine south of Zeehan township. Despatch and Tasmanian Crown both Ag-Pb mines in Gordon Limestone only 5km along strike from Oceana.

Work Completed: Geochemical bedrock sampling, lead isotope analysis and geophysics(?).

Results and Conclusions: Geochemical sampling results suggested that geochemical anomalies represent narrow, discontinuous Devonian vein-style mineralisation and do not warrant further exploration.

Pb-isotope analysis on galena samples collected from both the Despatch and Tasmania Crown mines revealed Devonian vein-style signatures rather than Oceana syn-sedimentary ratios. No further work recommended (86_2606).

Date: late 1970's-1996

Company: CRA Exploration Pty Ltd (ML35M/72 and EL11/93)

Exploration Philosophy: Delineate resource below and along strike of the Sn-Cu-Ag Stannite Lode portion of the Oonah Mine.

Work Completed: Diamond drilling, mapping, soil geochemistry and rehabilitation

Results and Conclusions: (82_1699 and 96_3947)

- Stannite Lode 150m strike, 10m width and 300m depth representing resource of 1.3Mt @ 0.57% Sn with minor Ag present. Later revised to resource of 0.2Mt @ 0.4% Cu, 5.3% Pb, 284g/t Ag and 0.5% Sn.
- Best result in DD80OC4 5.9m @ 1.75% Sn, 200g/t Ag and 2.4% Cu from 91.5m.
- Pyritic black shales between Stannite Lode and Bradshaw's open cut essentially unmineralised.
- Mineralisation at Junction workings restricted to narrow quartz-siderite veins.
- SP and EM anomalies from 1964-65 BMR survey generally coincident with black shale outcrops.
- Black shales produced no soil anomalism.

Date: 1987-1994

Company: RGC Exploration (EL42/87)

Exploration Philosophy: Delineate areas for potential Queen Hill/Renison style tin mineralisation. Declining tin prices after 1991 shifted focus to Pb-Zn-Ag (Sn) on the Sylvester (outside current EL) and Parting Lake areas

Work Completed: Gravity and one diamond drill hole at Parting Lake grid. Work at Sylvester provided a resource estimate of 6Mt @ 3.3%Pb, 5.5%Zn and 40g/tAg based on 13 diamond drill holes.

Results and Conclusions: PL001 drilled to test for base metal and/or stanniferous replacement mineralisation above a gravity interpreted granitic cupola thought to be

associated with Zeehan Western and Zeehan Montana Ag-Pb-Zn mines. PL001 drilled to 673m EOH and only intercepted mineralisation from 42.6 to 50.7m where Gordon limestone sits adjacent to a fault. The limestone was replaced by siderite with disseminated base metals. Best assay result was 2m @ 0.76%Pb, 0.17%Zn and 17ppmAg (93_3505).

Date: 2002-2003

Company: Mount Conqueror Minerals NL & Central West Gold NL (EL7/2002)

Exploration Philosophy: Revise Stannite Lode resource (feasibility)

Work Completed: Data review and field visit.

Results and Conclusions: Inferred resource of 440,000t @ 1.25%Sn, 1.48%Cu and 136g/tAg at 0.5%Sn cut-off grade. Resource not sufficient as stand-alone mining operation. Recommend surrender of licence (03_4935)

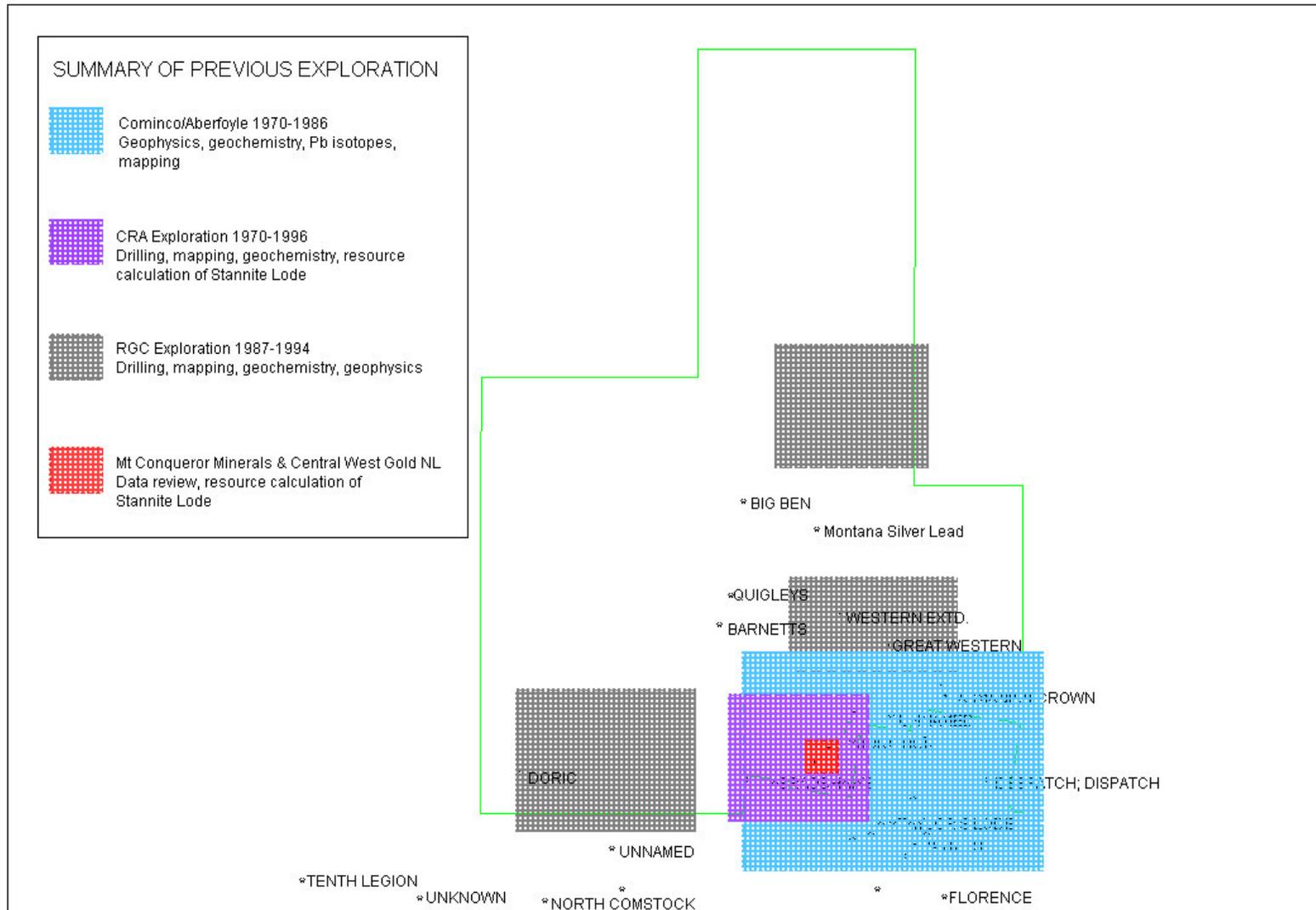


Figure 3. Historical Exploration Activity Map showing old workings and prospects

3. EXPLORATION COMPLETED 8 AUGUST 05 TO 7 AUGUST 06

The section below reports on exploration activities between 8th August 2005 and the 7th August 2006. Following execution of the Joint Venture Agreement with Geoinformatics Ltd, Bass actively sought any datasets of potential value for targeting VHMS and intrusive-related deposits in the Oonah licence area. 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 were captured into FracSIS and MapInfo format. Appendix 1 contains a summary of the Geoinformatics MOCA process.

A brief field reconnaissance trip to the Oonah licence in July included the collection of 6 grab samples from locations around the abandoned Oonah and Montana mines (Appendix 2). Results for these samples were encouraging and confirm the richness of the known mineralization. A summary of assay results is presented in Table 1 below. For full results see Appendix 3.

Table 1. Grab sample results

Description	Sample	Cu_ppm	Pb_ppm	Zn_ppm	Ag_ppm	Sn_ppm	Au_ppm
Float sample of galena+quartz (+20% sulphide)	ON001	690	67600	259000	351	620	0.04
Float sample of banded pyrite-galena-chalcopyrite-quartz	ON002	1005	3810	14500	455	5350	0.18
Float of quartz vein with chalcopyrite-pyrite from adit locality	ON003	31800	1692	1251	286	1580	1.06
Siliceous rock with galena-chalcopyrite-pyrite from Montana workings	ON004	8600	130000	6657	418	20	0.15
Black fault selvedge from Montana workings stope	ON005	123	1056	929	19	<10	0.03
Siliceous rock with possible cassiterite and/or sphalerite from Montana workings	ON006	861	45200	23500	339	<10	<0.01

3.1 Geoinformatics Geological Modelling & Targeting

Bass Metals utilised consultant geologists Geoinformatics Exploration Inc to compile a 3-dimensional spatial database (GIS).

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). Oonah 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 mineralisation to rapidly provide Bass with high-quality targets for rapid drill testing and for follow-up field work including soil type geochemistry. Models were also developed for targeting 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 with final targets being delivered in August 2006.

At Oonah, Geoinformatics generated a total of 4 intrusive-related, carbonate-replacement targets generally associated with the interpreted position of the Tenth Legion Fault (Figure 5).

Refer to Appendix 1 for a summary report on the Geoinformatics process methodology.

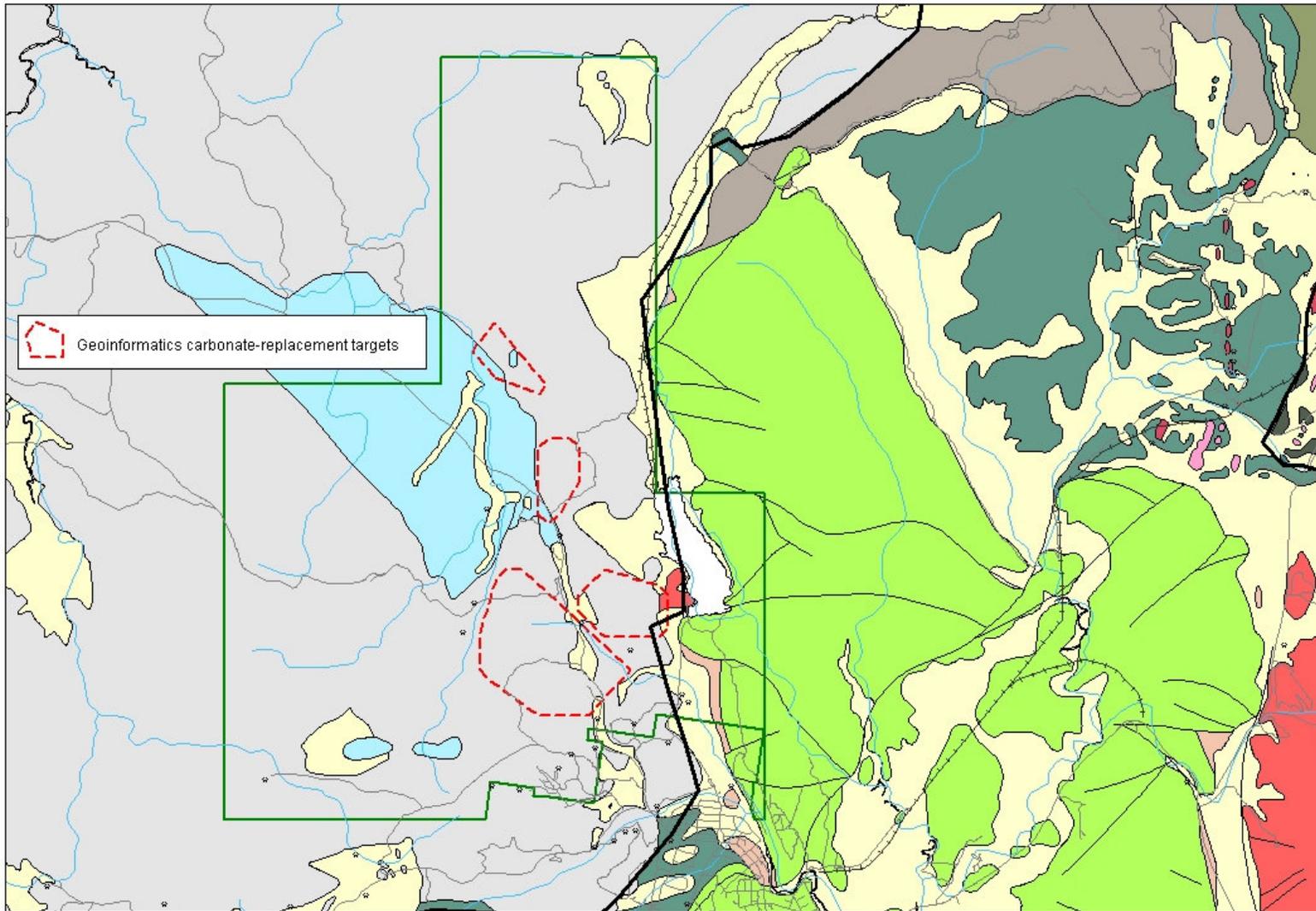


Figure 4. Geoinformatics Targets on the Oonah Licence.

4. PROPOSED EXPLORATION

Proposed exploration over the next year includes;

- Literature review of open file data for Montana Silver Lead, Oonah and Stannite Lodes historical workings.
- Field reconnaissance and orientation in regards to access, regolith and significant workings
- Soil geochemistry programme

As yet no proposals have been submitted to the MRT for approval.

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 5 shows the location of the licence relative to conservation areas. The majority of the tenement is covered in undifferentiated buttongrass moorland, but in the north, a significant portion of the tenement encroaches on the Parting Creek Regional Reserve.

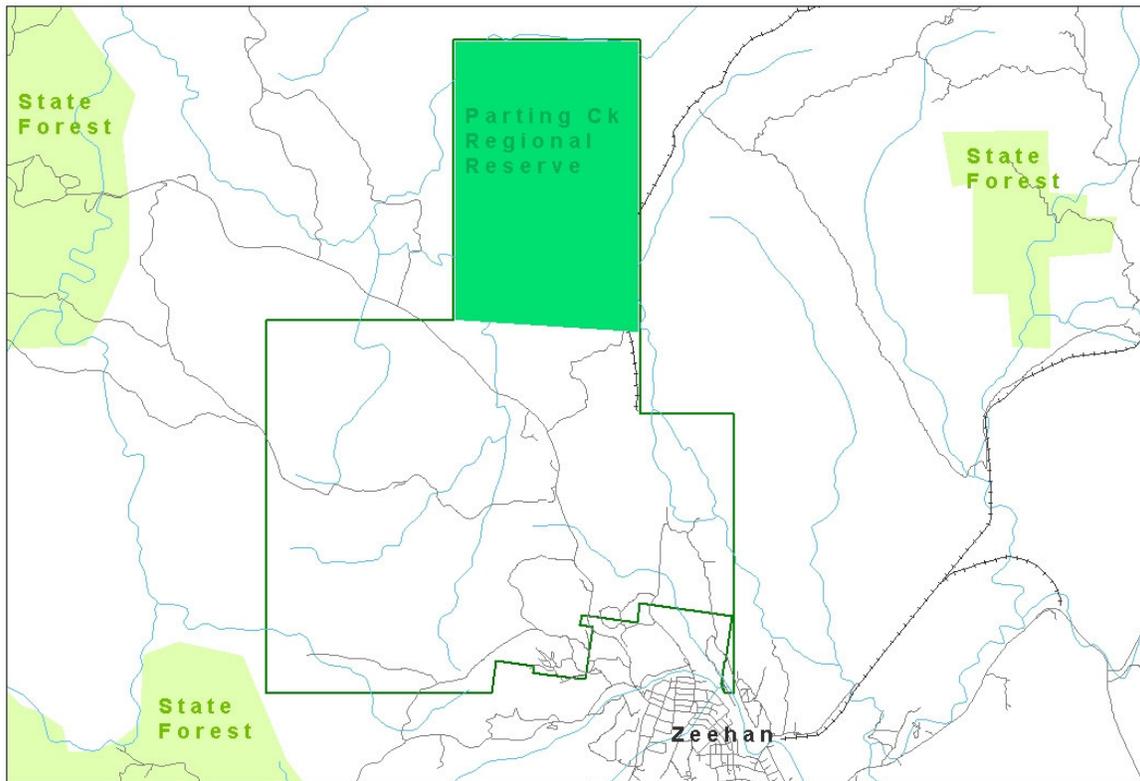


Figure 5. Environmental Activity Map

6. EXPENDITURE

	Aug-05 to Aug-06
Administration	\$854.56
Geology-Personnel& Overheads.	\$18,740.56
Gridding	
Geochemistry	
Geophysics	
Drilling	
Feasibility Studies	
Rehabilitation	
Safety	\$199.36
Other - Geoinformatics	\$19,625.17
Total - Eligible	\$39,419.65

Table 2. Expenditure 8 August 2005 to 7 August 2006.

Expenditure, for the twelve months 8 August 2005 to 7 August 2006, has primarily been taken up with collation and processing of existing available data, Geoinformatics Exploration Inc collation and processing costs & mineral deposit targeting activities and an initial site visit and rock chip sampling.

Total expenditure for the period was \$39,419.65.

7. REFERENCES

Barnes, C.P., 1973. Progress Report & Future Work Programme EL47/71. Cominco Exploration Pty Ltd. Report to the Tasmanian Mines Department. **(73_0956)**

Halley, S., 1993. EL42/87 Incorporating MLs 43M/85 and 123M/74 – Zeehan Area. Annual Report for the period October 1992 to September 1993. RGC Exploration Pty Ltd. Report to the Tasmanian Mines Department. **(93_3505)**

Mineral Resources Tasmania, 2005. Mineral Exploration Opportunities in Tasmania Report.

McClatchie, L., 2003. The Stannite Lode, Oonah Mine – Northwest Tasmania. Mount Conqueror Minerals NL & Central West Gold NL. Report to the Tasmanian Mines Department. **(03_4935)**

Odell, J., 1982. CRA Exploration Pty Ltd, Oonah Prospect – Tasmania, Interim Report on Exploration under the CRAE – Minops JV Agreement. Report to the Tasmanian Mines Department. **(82_1699)**

Seymour, D.B., Green, G.R. and Calver, C.R., 2006. The Geology and Mineral Deposits of Tasmania: a summary. Bulletin 72 Tasmanian Geological Survey, Mineral Resources Tasmania.

Sise, J.R., 1986. Exploration Licence 47/71, Queen Hill Tasmania, Final Report including report on exploration for period January 1985 to November 1986. Aberfoyle Resources Ltd. Report to Tasmanian Mines Department **(86_2606)**.

von Strokirch, T., 1996. CRA Exploration Pty Ltd, EL11/93 Final Report. Report to the Tasmanian Mines Department. **(96_3947)**

APPENDIX 1

APPENDIX 2

APPENDIX 3