

**OONAH PROJECT
PIEMAN RIVER GROUP
TASMANIA
EL63/2004**

**ANNUAL PROGRESS REPORT
8TH AUGUST 2007 TO 7TH AUGUST 2008**

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Note: All figures and grids are according to the GDA94, Zone 55 datum.

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ABSTRACT

Bass Metals Ltd commenced management of the Oonah exploration licence (EL63/2004) on 8 August 2005. Work conducted on the licence for the current reporting period has included:

- Soil geochemistry program
- Mapping, grab sampling & orientation/access field trips
- Literature review
- RC drill program preparation

Expenditure – Reporting period \$122,184.22

Total to date \$171,883.40

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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 2007 to 7 August 2008. 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 Clancy Exploration 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 & Access

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.

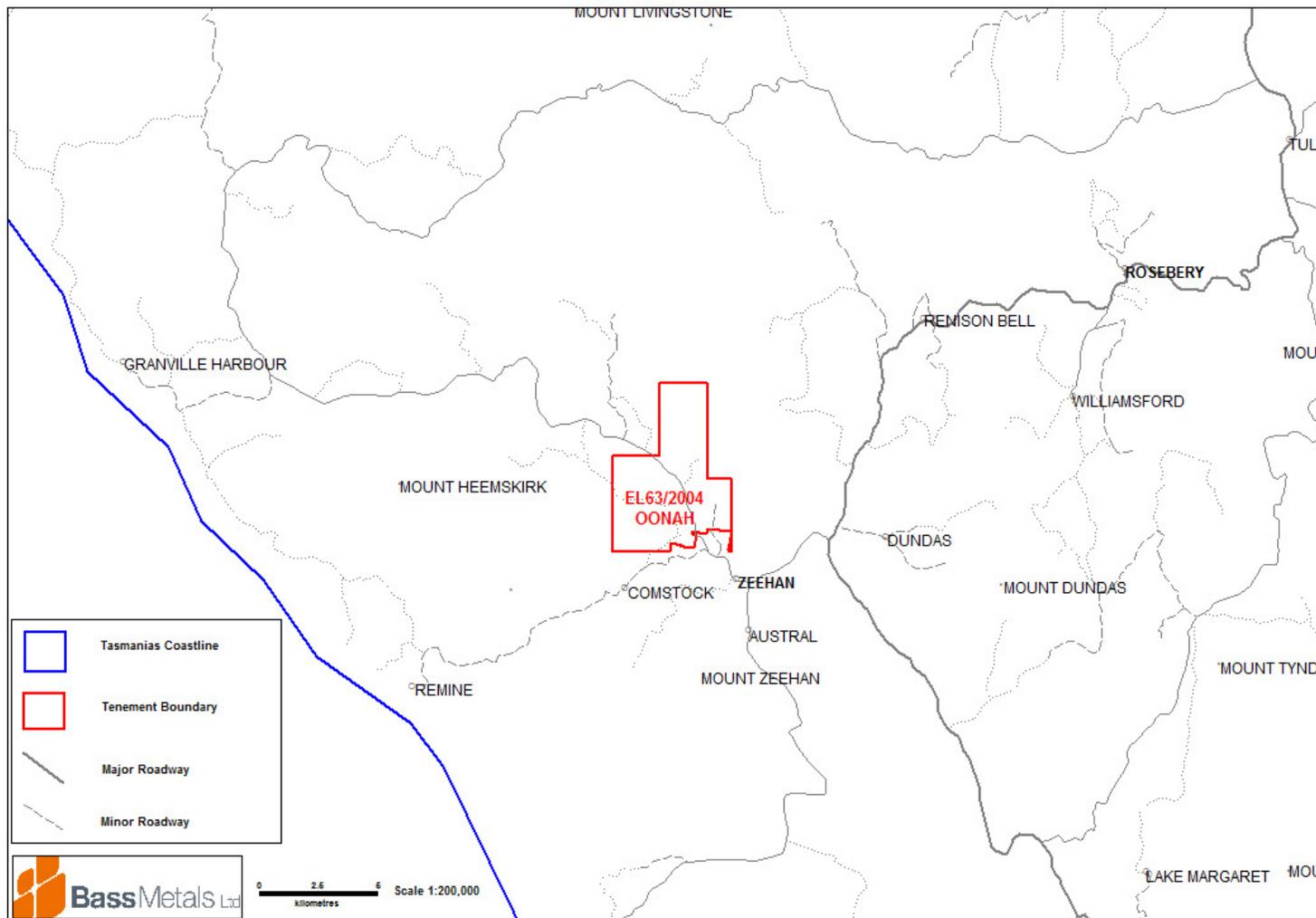


Figure 1. Oonah Exploration Licence (EL63/2004) is located in south-west Tasmania.

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.

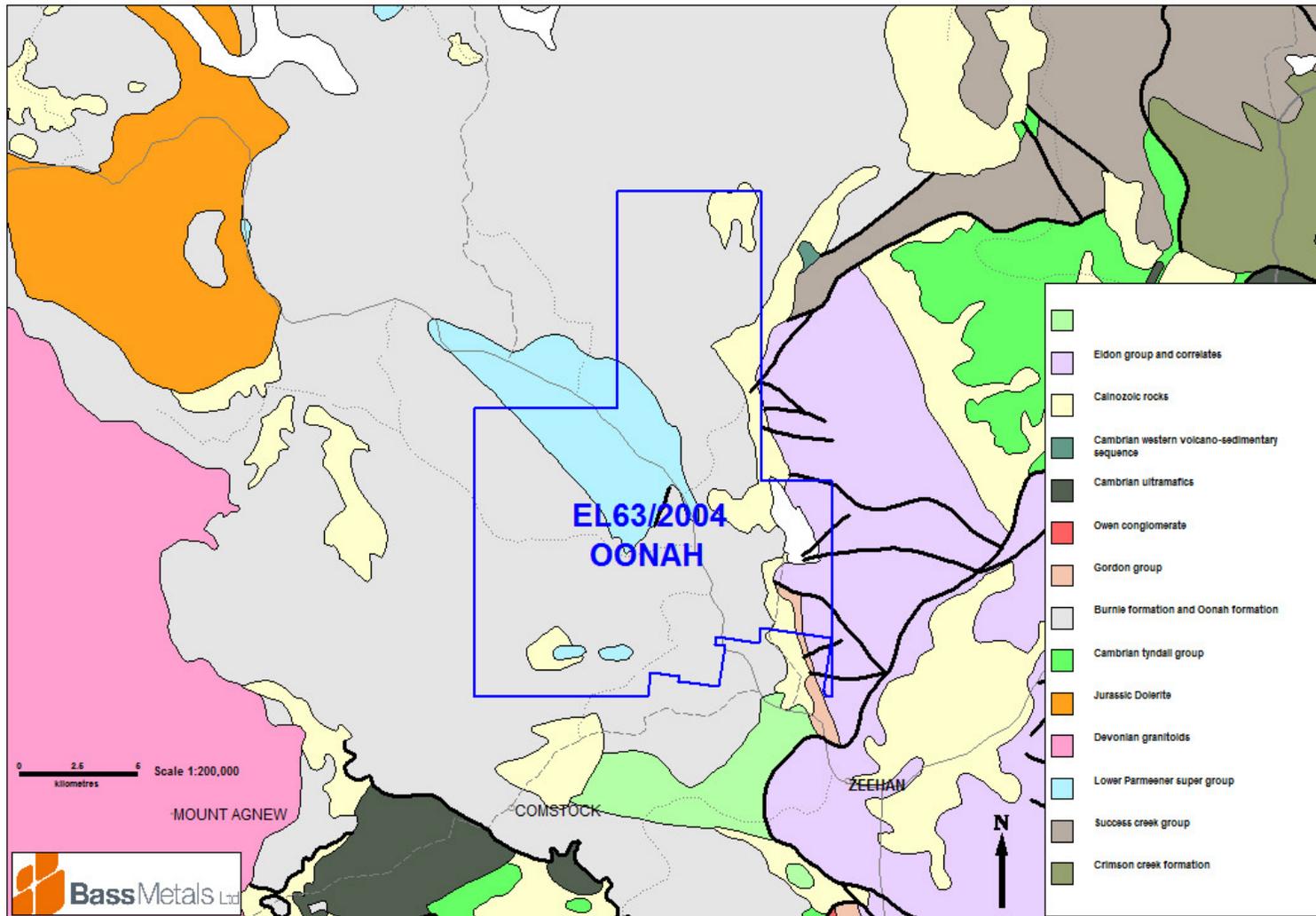


Figure 2. Regional Geology showing Licence Area boundaries and towns

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)

Date: 2005-2006

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)

3. DURING CURRENT TENEMENT

3.1 2006 – 2007 (BSM)

During the previous reporting period the majority of work involved the capture of various datasets into FracSIS and MapInfo format by Geoinformatics. This data was then modelled to allow 3-dimensional analysis and target generation.

Following the work produced by Geoinformatics, a review of open file soil geochemistry and airborne magnetic data outside of the Oonah-Montana-Great Western group of historic mine working has identified an area of broadly coincident soil anomalism within the RGC Exploration Parting Lake soil grid adjacent to several airborne magnetic features. Specifically the tin anomalism was brought to the attention of Bass Metals by Geoinformatics as an 'area of interest' and is in close proximity to the interpreted position of the Tenth Legion Fault.

The coincident soil anomalism is considered to represent hydrothermal fluids related to a proximal granite source (Heemskirk Granite). The magnetic features of interest include;

1. A NW striking magnetic low (~5km strike length) mapped along strike of the Montana – Great Western trend
2. A donut-shaped magnetic high adjacent to the interpreted position of the Tenth Legion Fault
3. Two sub-parallel, linear magnetic high features just outside of the licence which coincide with two sub-parallel faults striking NE off the Tenth Legion Fault

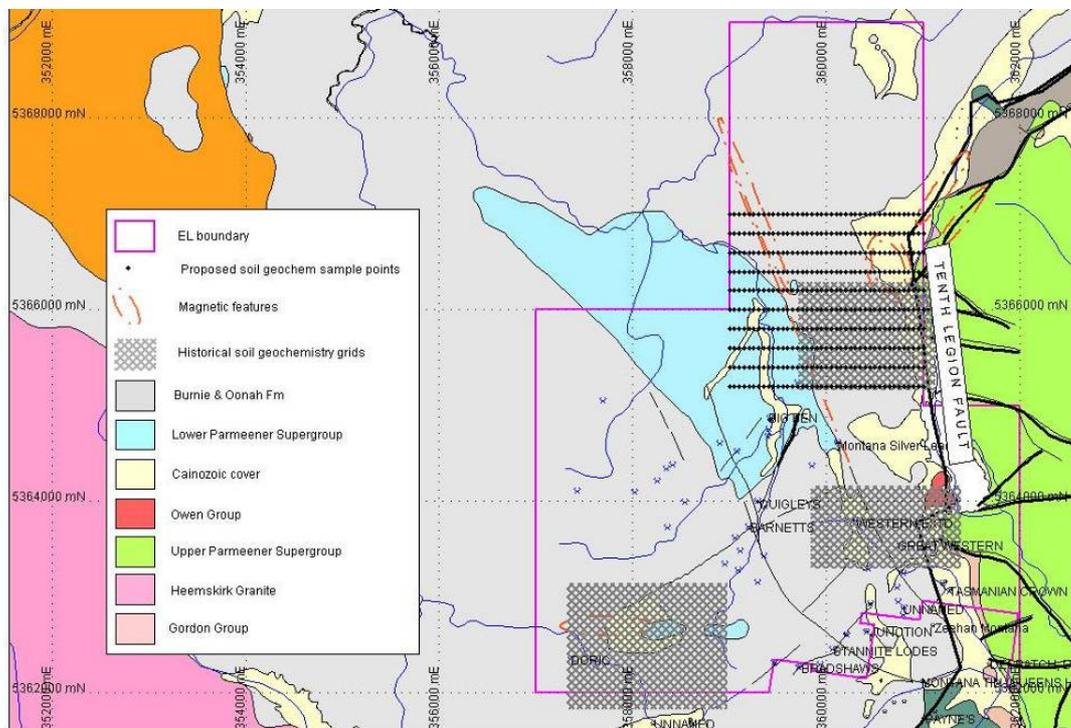
No known mineral occurrences appear to occur in this part of the Oonah licence and hence the bulk of previous exploration activity concentrated to the south in the vicinity of the known mines. For this reason the area is considered under-explored.

4. CURRENT WORK - Exploration completed during the report period (8TH Aug 2007 – 7TH Aug 2008)

Soil geochemistry program –

A proposal for a soil geochemistry program was approved and undertaken. This program was designed to test the Geoinformatics 'area of interest' containing a historic tin in soil anomaly (Figure 3). A review of previous exploration data revealed coincident Sn, W, Mo, Ba, Br, Cr, Fe and Cu anomalism adjacent to the Tenth Legion Fault position. Also of interest are several magnetic features in the vicinity of the soil anomalism. This program was completed with a total of 365 samples collected and 10km of gridding (Sample number 134261 – 134625) Refer to appendix 1 for assay results.

Figure 3. Soil programme over Tin target

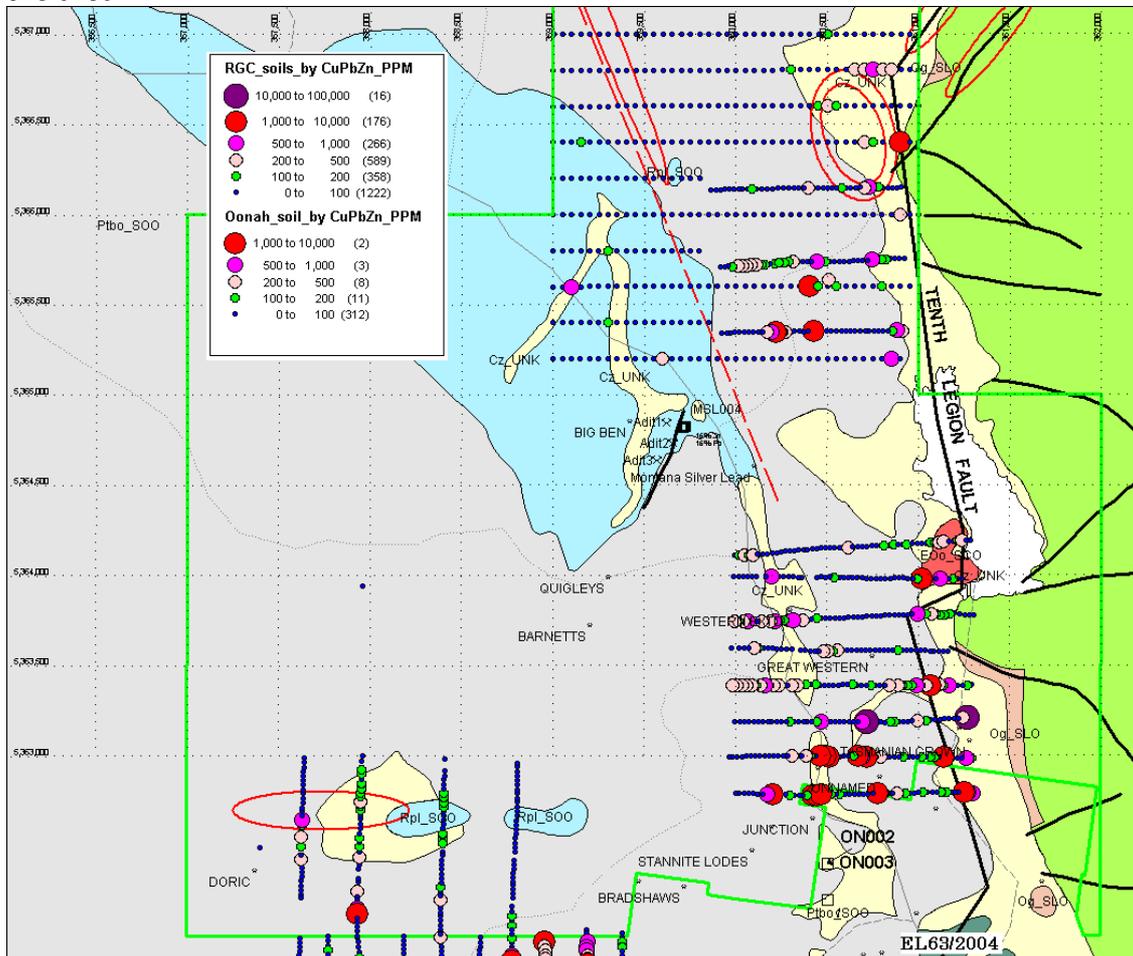


Mapping, grab sampling & orientation/access field trips –

A site mapping and orientation trip was conducted over two days at the Oonah Mine and Stannite Lode. This was undertaken to better understand the surface orientation of the numerous mine workings in order to aid drill planning. A total of 26 rock chip and bulk samples were collected from adit openings, mullock pile and outcrop. Sample numbers 141401 – 141426 refer to Appendix 2. The bulk mullock samples collected were found to illustrate the different ore types which include Galena, Stannite, Cassiterite, Carbonate and Bradshaw's (Pyrite) Lodes. These results will aid in identifying the provenance of individual mullock heaps and orientation of mining infrastructure at surface.

A field reconnaissance trip to the Montana Silver Lead Mine identified the location of the historic box-cut pit and partially infilled inclined shaft accessed via the pit. The ore horizon was observed to contain stockwork and breccias-fill quartz-carbonate veins with associated galena and sphalerite mineralization in Proterozoic sediments of the Burnie & Oonah Formation. Bulk and rock chip samples from the pit floor and pit walls have returned encouraging results with the best result from sample MSL014 containing 15.3%Pb, 15.4%Zn, 0.4%Cu and 846ppmAg. Refer to Appendix 3 for all results. Another field trip was carried out specifically to determine the access track and locate the adits along the NS fault near Big Ben (Figure 4) area where MSL014 was taken. Three adits running EW across the fault at Montana Siver Lead workings (East of Big Ben workings) were located and float/rock chip samples were collected from the mullocks and from the adit and were assayed by the Niton.

Figure 4. Location of the adits East of Big Ben workings and soil anomaly map of the area.



Further detailed field work was carried out to determine the accessibility and vegetation cover of the area around Big Ben workings. The main shaft and one adit of the Big Ben workings were located. Field data on lithological units and shear/fault zone from Montana Silver Lead mine are were collected. Sample no. MSL014 was found to be of vein-type Pb+Zn mineralisation confined to this shear zone with the special disposition of

this shear zone being one of the guiding factors for the planning of the proposed RC drill holes.

Literature review –

A new team member has been assigned to this area and is currently undertaking a literature review of open file data for Montana Silver Lead, Oonah and Stannite Lodes historical workings and familiarisation of the geological setting.

RC drill program preparation –

Ten RC drill holes are in the planning stage to target the down dip and along the strike extensions of the mineralisation. The programme consists of 10 RC drill holes and will utilize the existing track of Montana Silver Lead mine for approach to the drilling area. To access the drill site, tracks will be constructed and clearing will be made for the drilling pads. These holes will target NE-SW trending and SE dipping shear zone from the hanging wall. A program has been submitted to the MRT awaiting approval.

5. PROPOSED EXPLORATION

Proposed exploration over the next year includes;

- 925m RC drill-program to test the potential of the Montana Mine extensions along strike/down-dip.

6. 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.

Land Tenure

The Oonah Exploration Licence comprises:

- Crown Land
- Private Parcel
- Regional Reserve

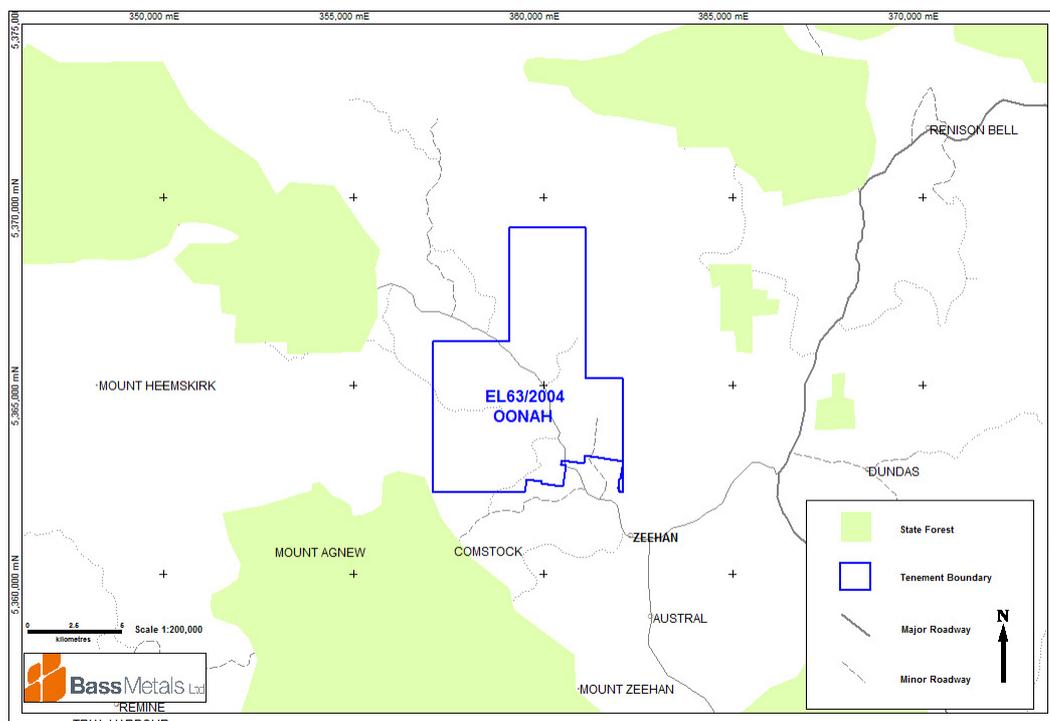


Figure 5. Environmental Activity Map

7. EXPENDITURE

August 2007 - August 2008		
Geoscientific Costs	Geology	49,708.84
	Geochemistry	22,520.47
	Geophysics	
	Remote Sensing	
Drilling & Gridding Costs	Gridding	49,725.00
	Drilling	49.89
	Land Access Costs	
	Rehabilitation Costs	
	Feasibility Study Costs	
	Other Costs	
	Admin Costs	180.02
	Total - eligible	122,184.22

Table 1. Expenditure 8 August 2007 to 7 August 2008

** Includes expenditure to 30th June 2008*

Expenditure, for the twelve months 8 August 2007 to 7 August 2008, has primarily been taken up with a soil geochemistry program, mapping, grab sampling and orientation/access field trips a literature review and RC drill program preparation.

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APPENDIX 1

Assay Results

Soil geochemistry sampling

Sample numbers 134261 – 134625

APPENDIX 2

Grab & Bulk geochemical sampling

Assay Results

Sample numbers 141401 – 141426

APPENDIX 3

Bulk and rock chip samples

Assay results

Sample no. MSL001 – MSL015